



STEEL MARKET UPDATE

Steel Trends in a Turbulent Market

Responses from our July 20th 2015 Market Survey





- 31 years actively selling flat rolled steel – 40 years in the steel business.
- Newsletter developed for active buyers & sellers of flat rolled steel
- Prices – Momentum – Trends – Analysis – with a guarantee.
- For more information go to www.SteelMarketUpdate.com



Steel 101 Workshop, Severstal Dearborn 2012

Our goal is to provide quality information to the flat rolled steel industry.

We invite over 600 companies to participate in our surveys.

Normal response rate is 100-150 individuals on any one survey.

All responses are kept confidential and are never attributed to the individual or company responding

Steel 101: Introduction to Steelmaking & Market Fundamentals

Instructors: John Eckstein, John Packard, Peter Wright, Steve Painter, Mario Briccetti (not shown in photo)

We have both classroom & on-site (mill) instruction during our 2 day workshop



Next Workshop – October 6-7, 2015



Steel 101 Workshop ArcelorMittal Dofasco 2013

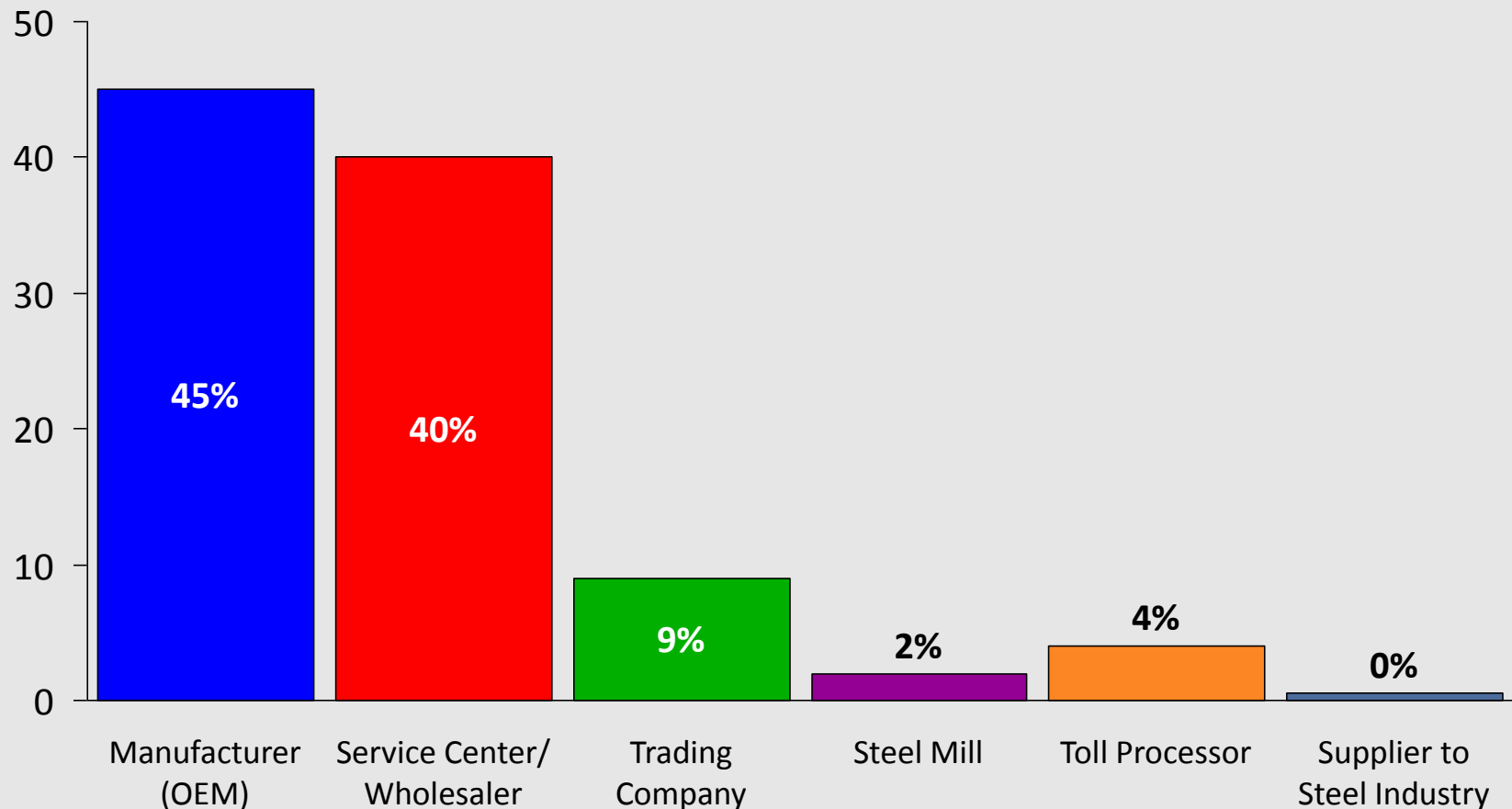
Our next Steel 101 workshop is in Davenport, Iowa and includes a mill tour of SSAB.

If you would like more information about any of our workshops, you may visit the events section of our website, call our office at 800-432-3475, or send us an e-mail at:

info@SteelMarketUpdate.com

Survey Participants

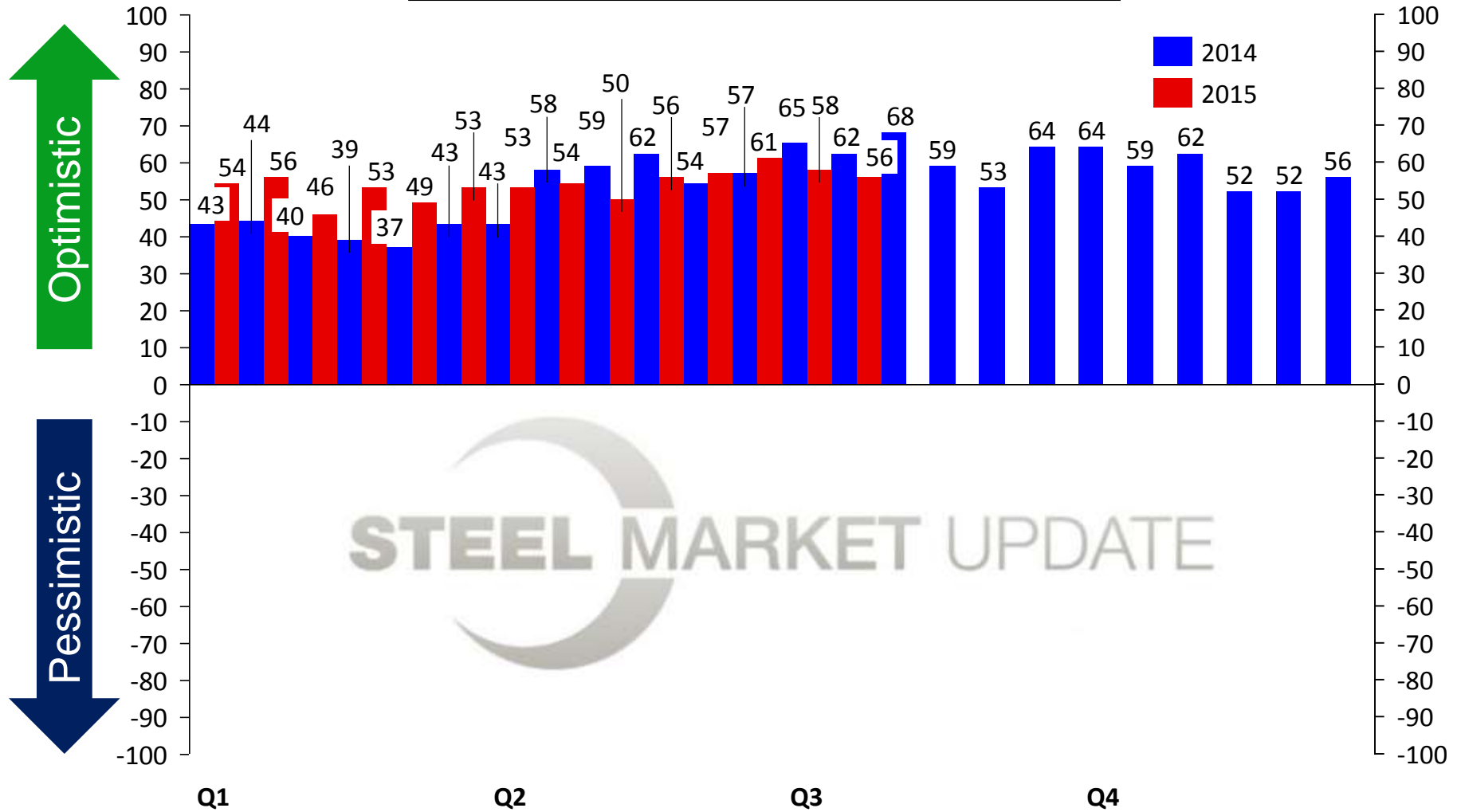
Our survey is by invitation only- Over 600 companies, mostly in the manufacturing or distribution industries, are asked to participate. Here are the percentages of participation in this week's survey by market sector.



SMU Buyers Sentiment Index

Down 2 points to +56

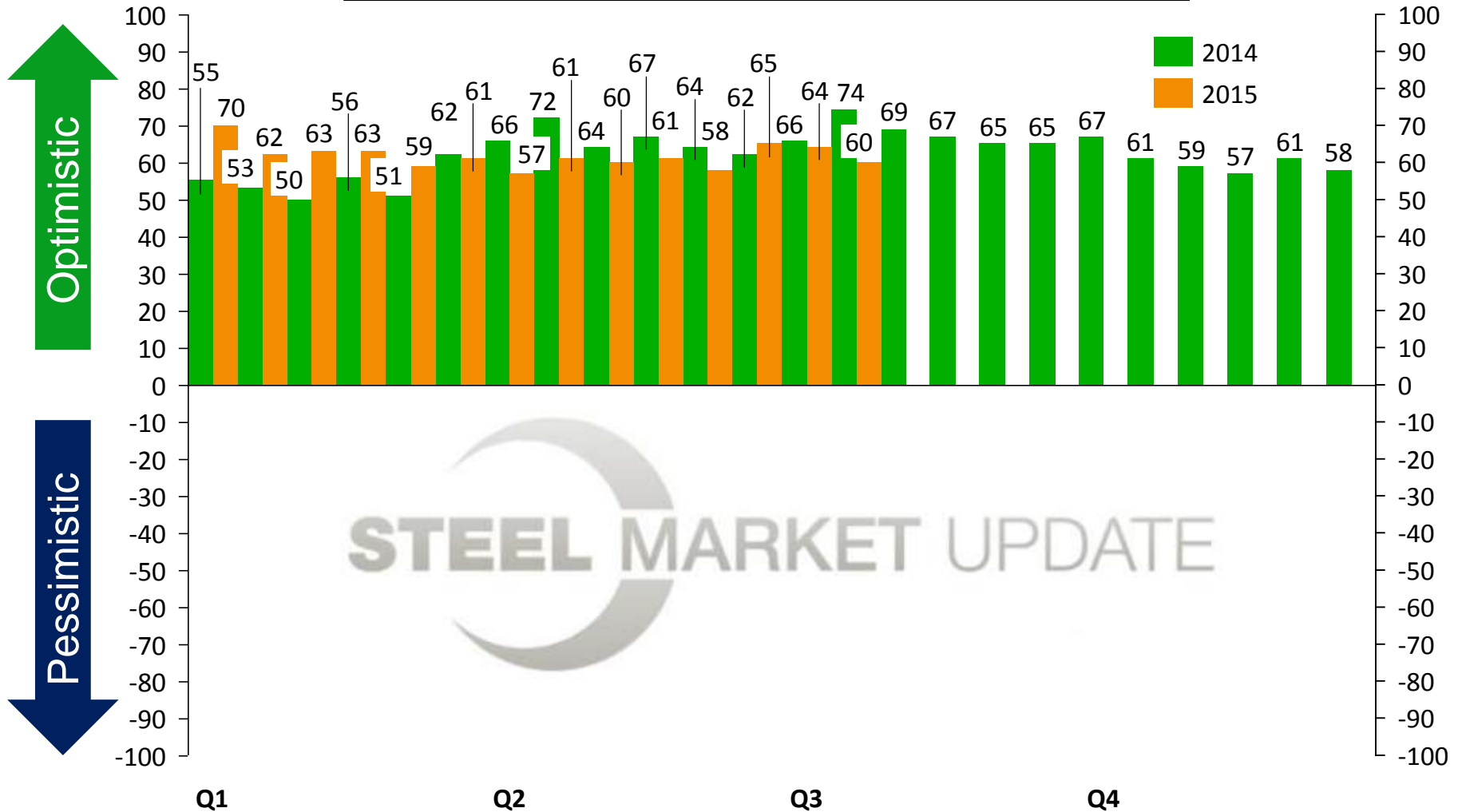
Steel Market Update Buyers Sentiment Index



SMU Future Buyers Sentiment Index

Down 4 points to +60

Steel Market Update 'Future' Buyers Sentiment Index

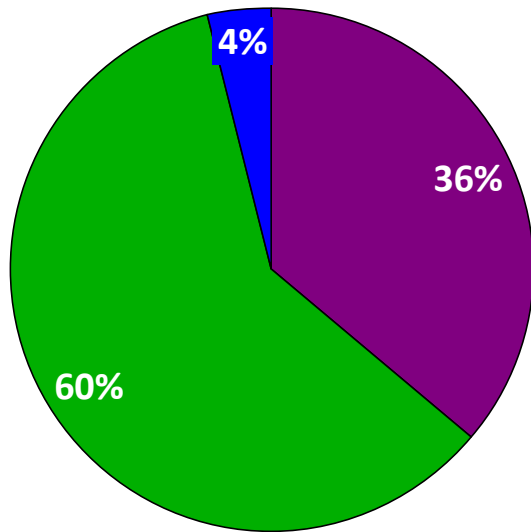


Overall Demand

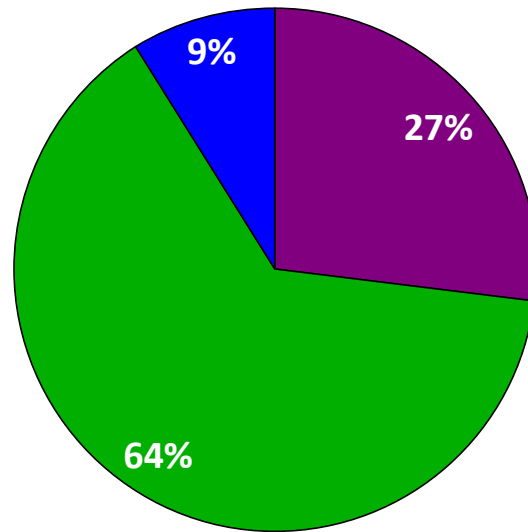
Are you seeing demand for your products improving, remaining the same or declining?

- Demand is improving
- Demand is remaining the same
- Demand is declining

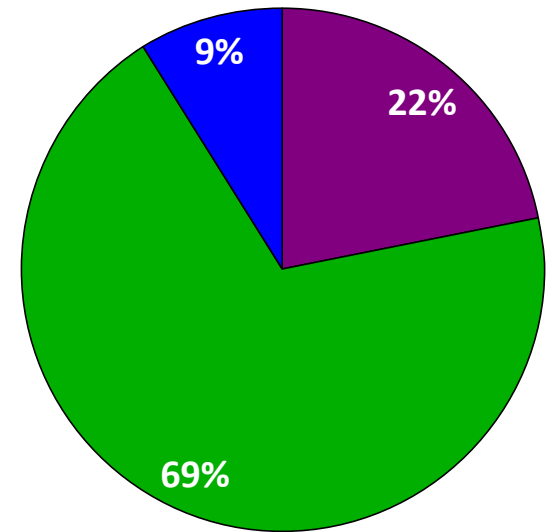
April 24th 2015



June 5th 2015



July 24th 2015

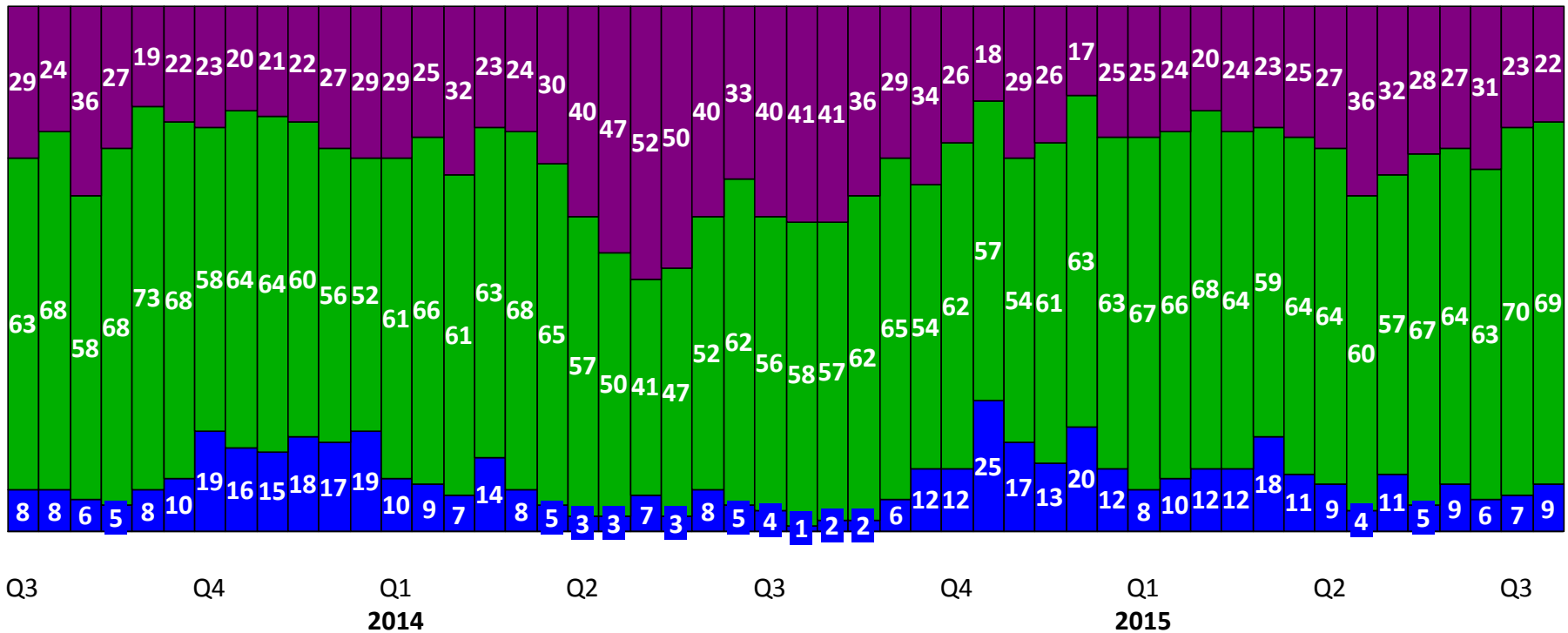


Overall Demand History

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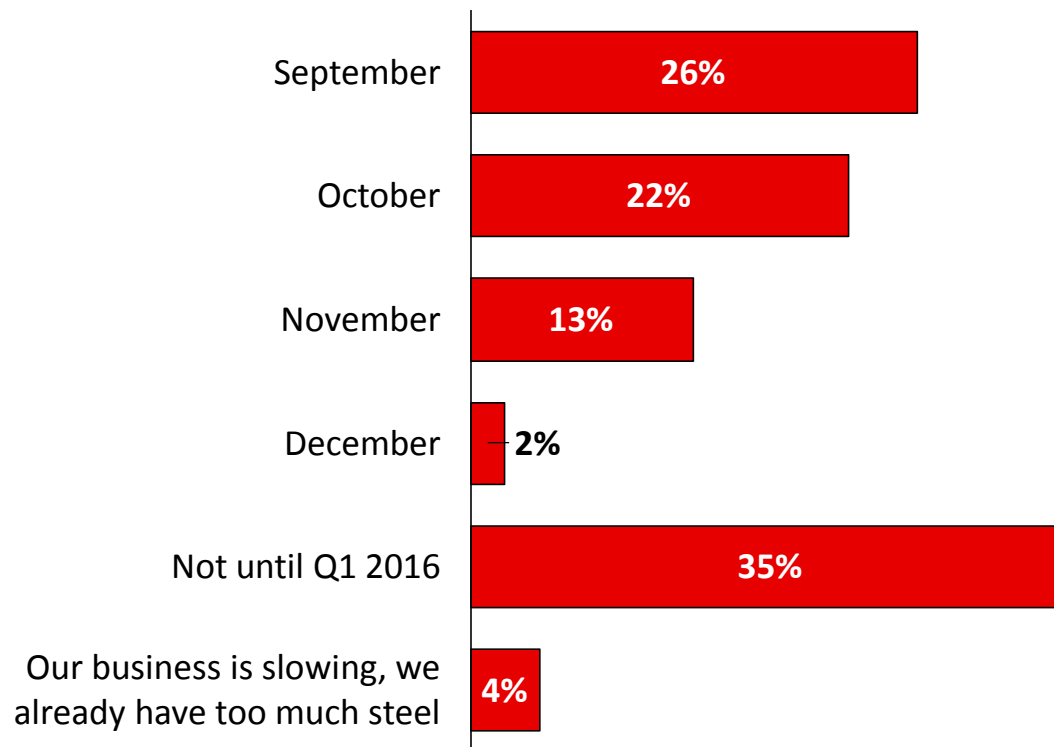
out of 100%



© Steel Market Update 2015

Trade Case Impact

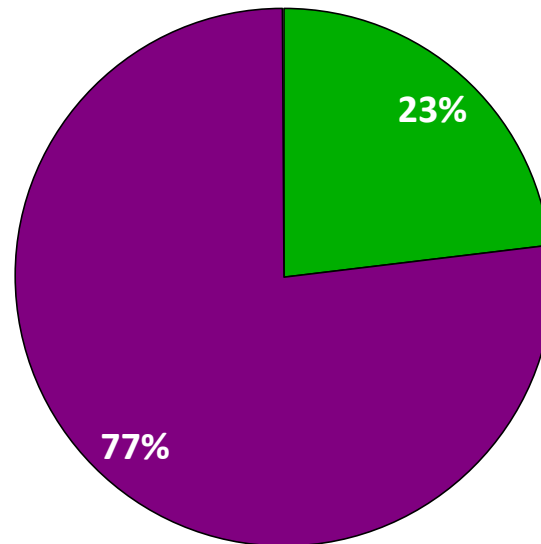
At what point in time will your company need to increase domestic steel purchases?



Strike/Lockout

Will there be any strike/lockout at US Steel or ArcelorMittal when the union contracts expires on September 1st?

Yes No

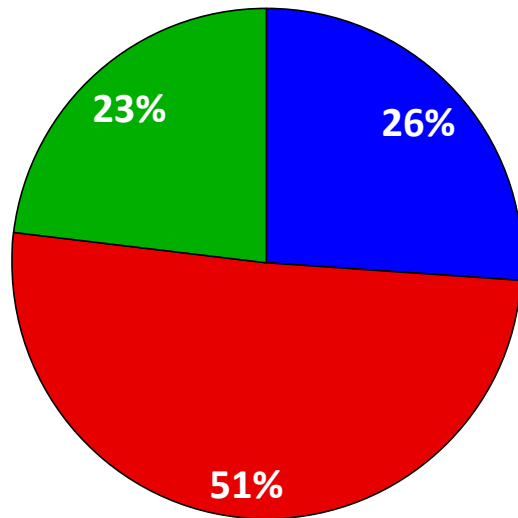


Manufacturer Purchases

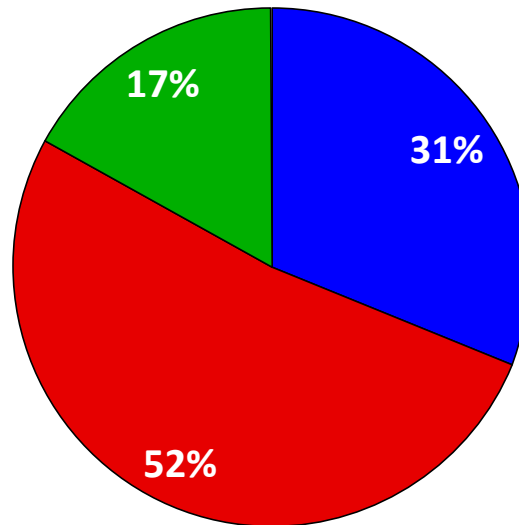
Manufacturers- Compared to this time last year – is your company buying more, less or the same amount of flat rolled steel as one year ago?

- Buying more steel
- Buying the same amount of steel
- Buying less steel

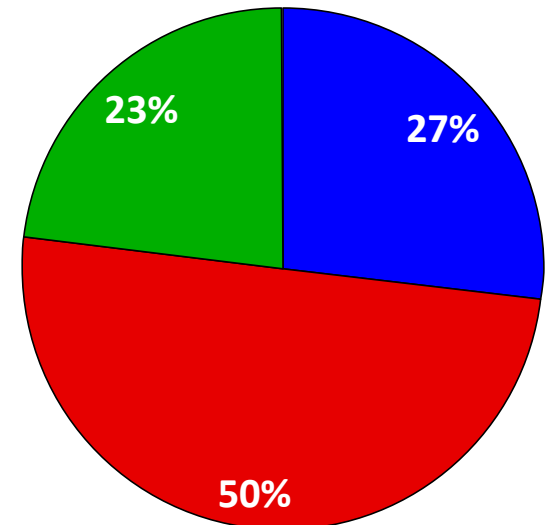
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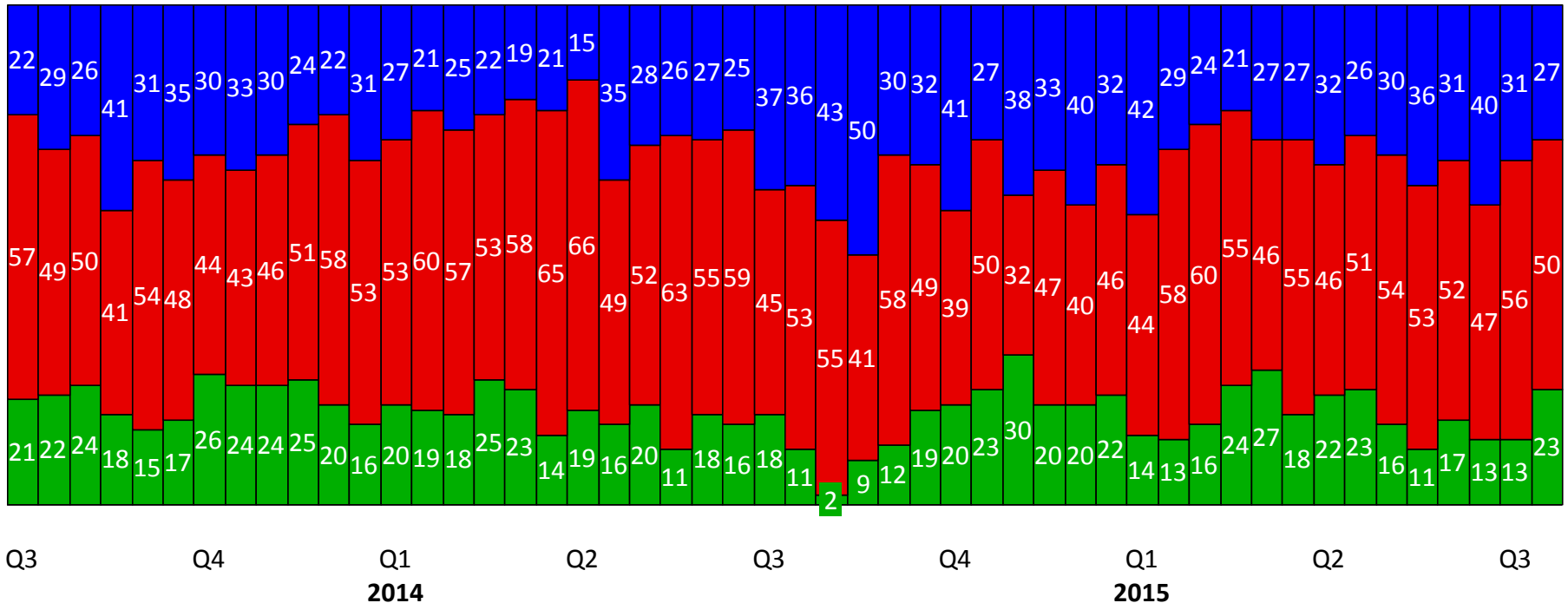


History of Manufacturer Purchases

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out of 100%

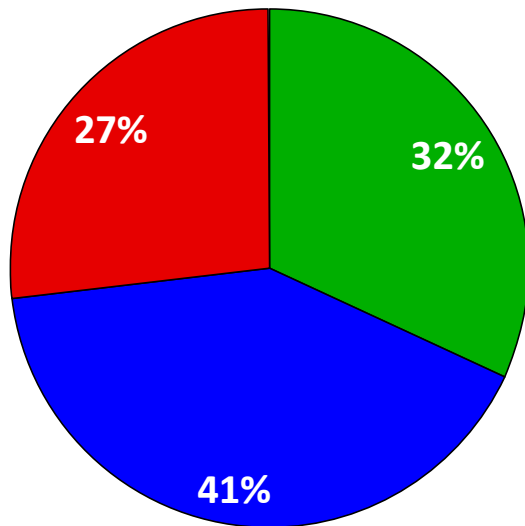


Service Center Releases

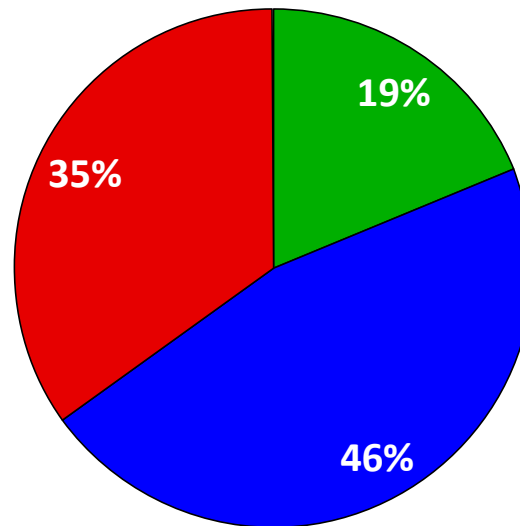
Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

- Releasing more steel
- Releasing the same amount of steel
- Releasing less steel

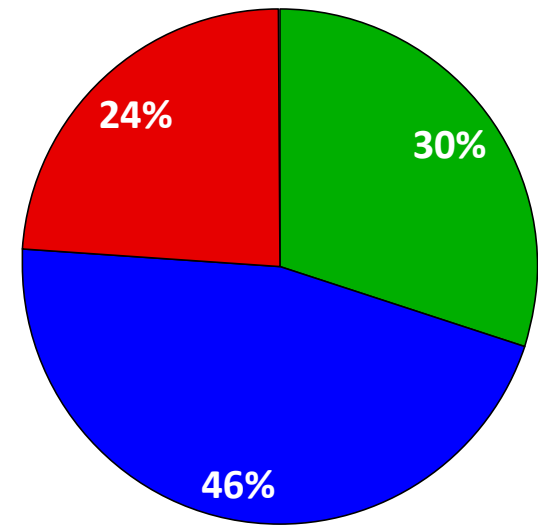
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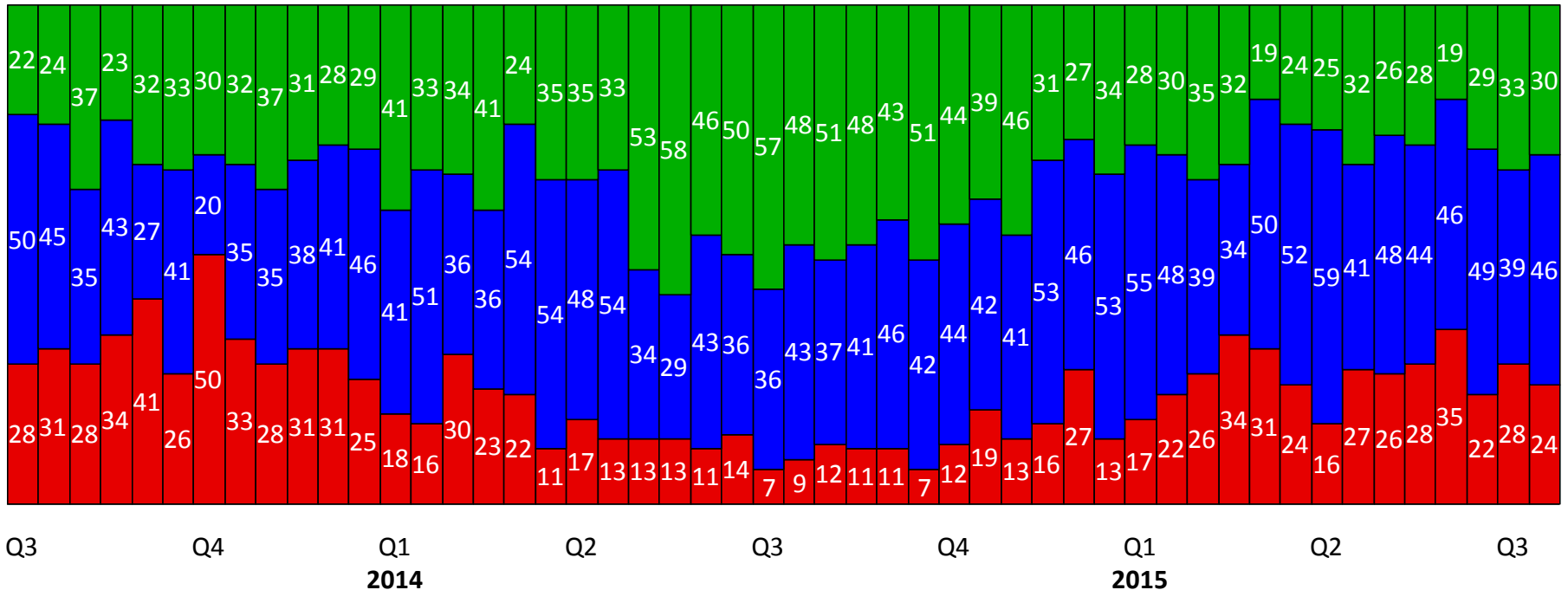


Service Center Release History

Service Centers- How do you see your customers releases (demand) for the products your company provides this year compared to this time last year?

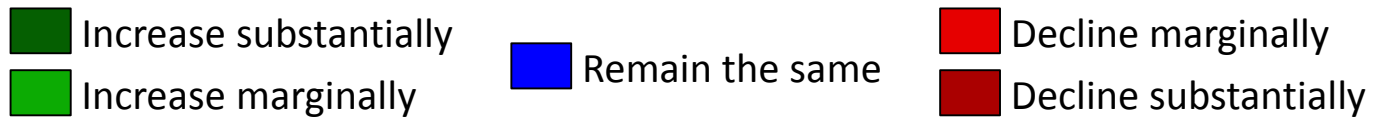
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- Releasing the same amount of steel
- Releasing less steel

out of 100%

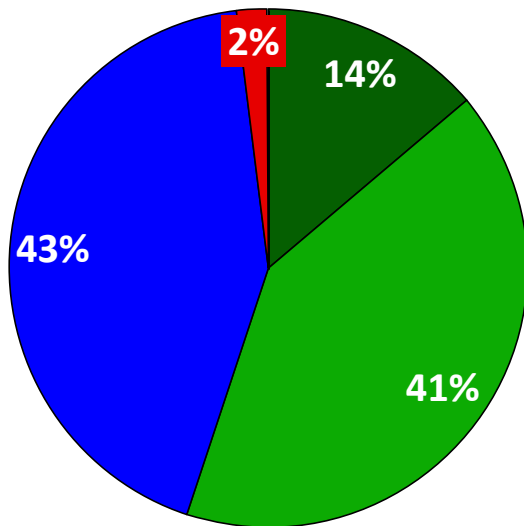


Manufacturer Demand

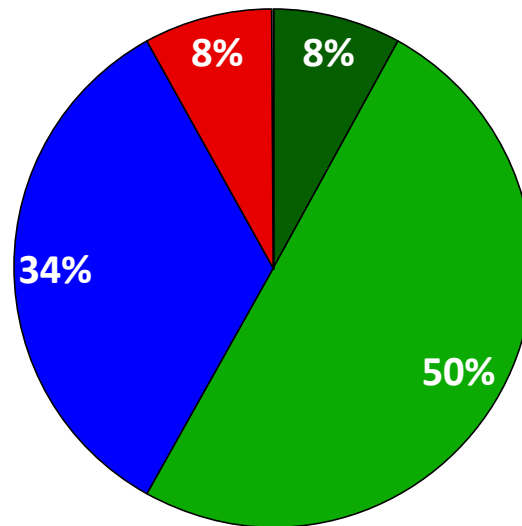
Manufacturers- Demand for your products will _____
over the next 3 months based on current order flows.



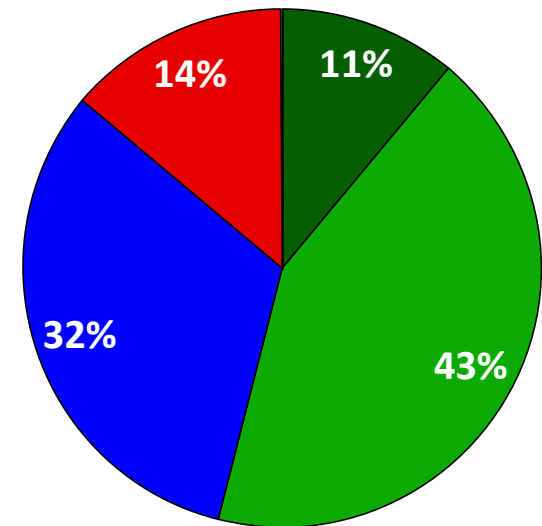
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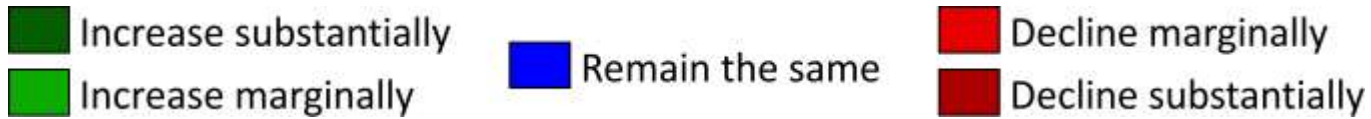


July 24th 2015

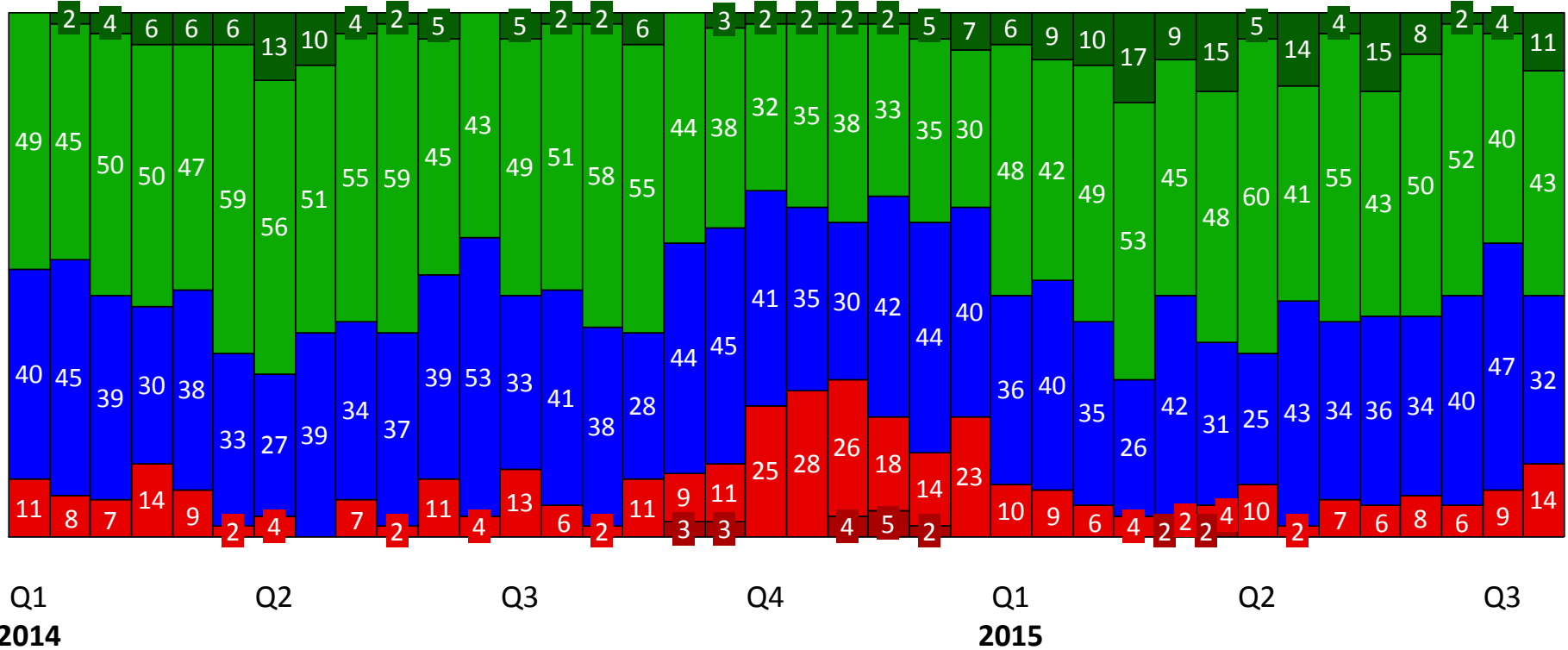


Manufacturer Demand History

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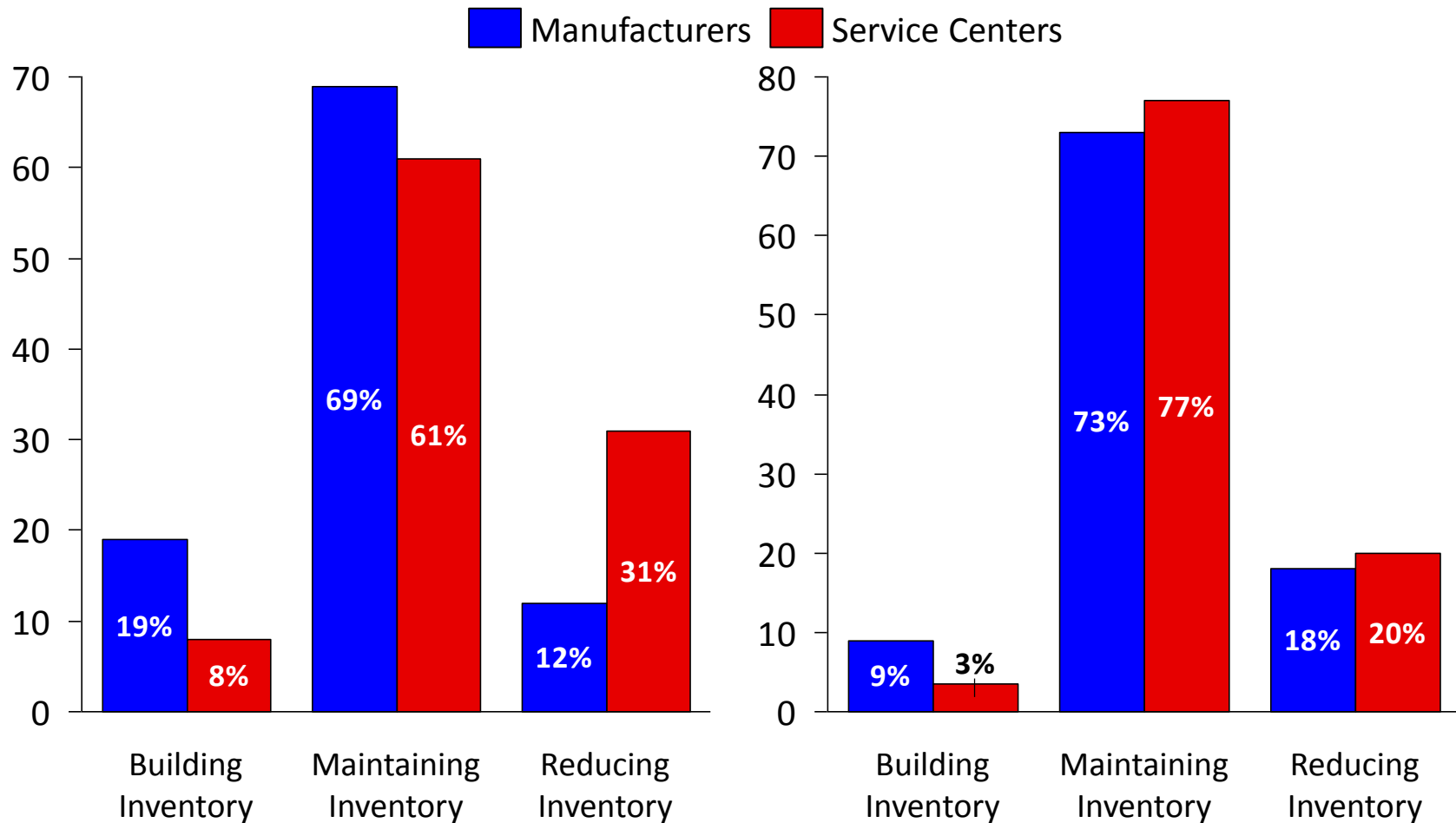
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Manufacturer and Service Center Inventory Buying Patterns

June 5th 2015

July 24th 2015

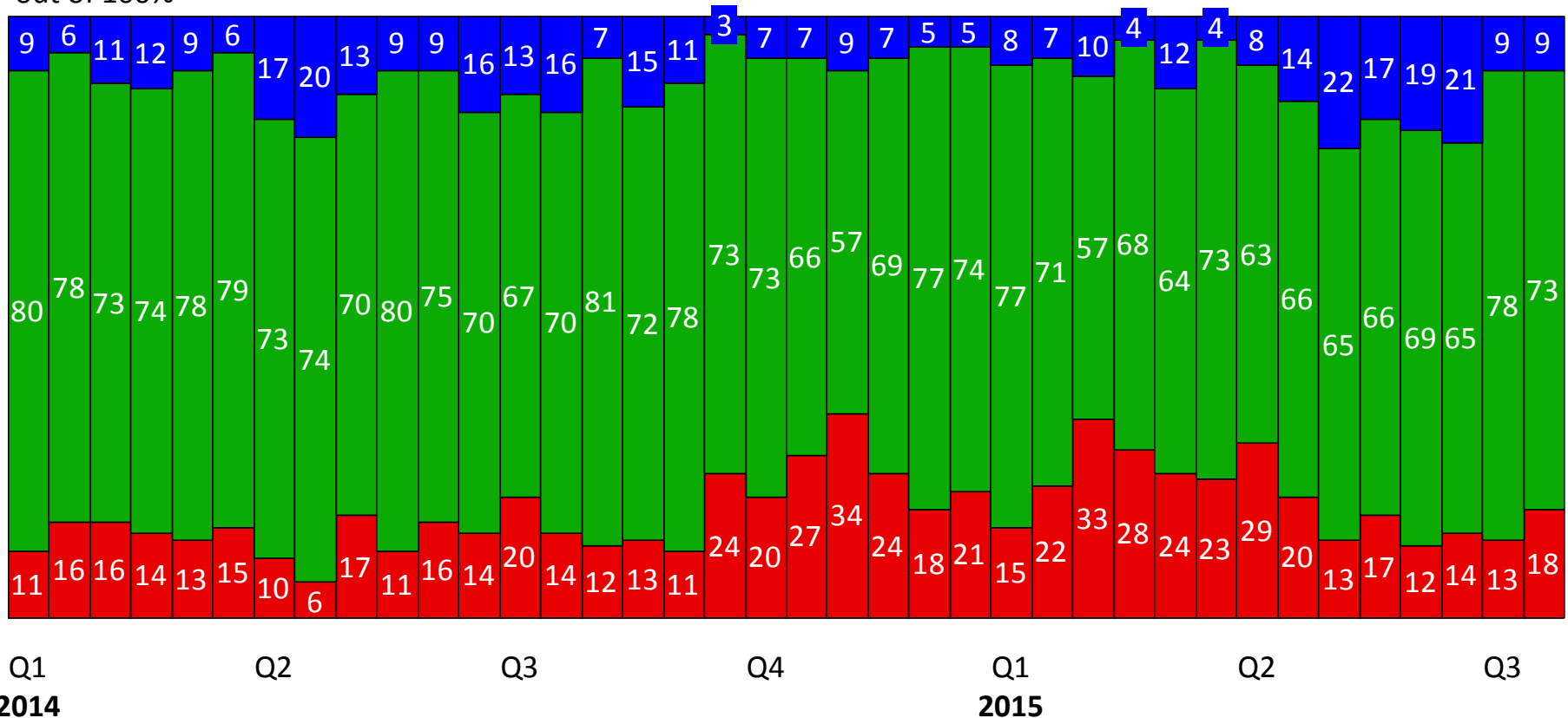


Manufacturer Inventory Buying History

Manufacturers- Is your company building, reducing or maintaining its flat rolled steel inventory?

■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%

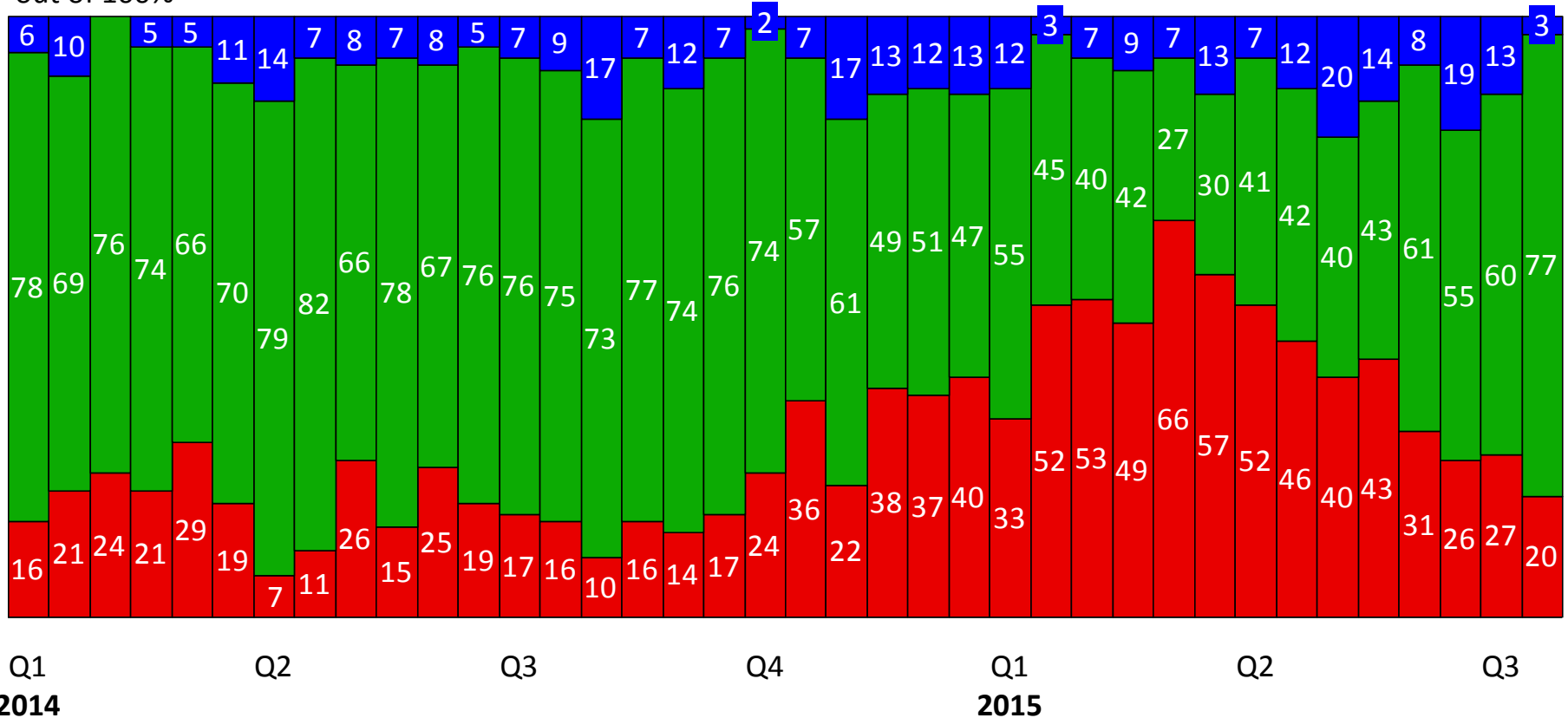


Service Center Inventory Buying History

Service Centers- Is your company building, reducing or maintaining its flat rolled steel inventory?

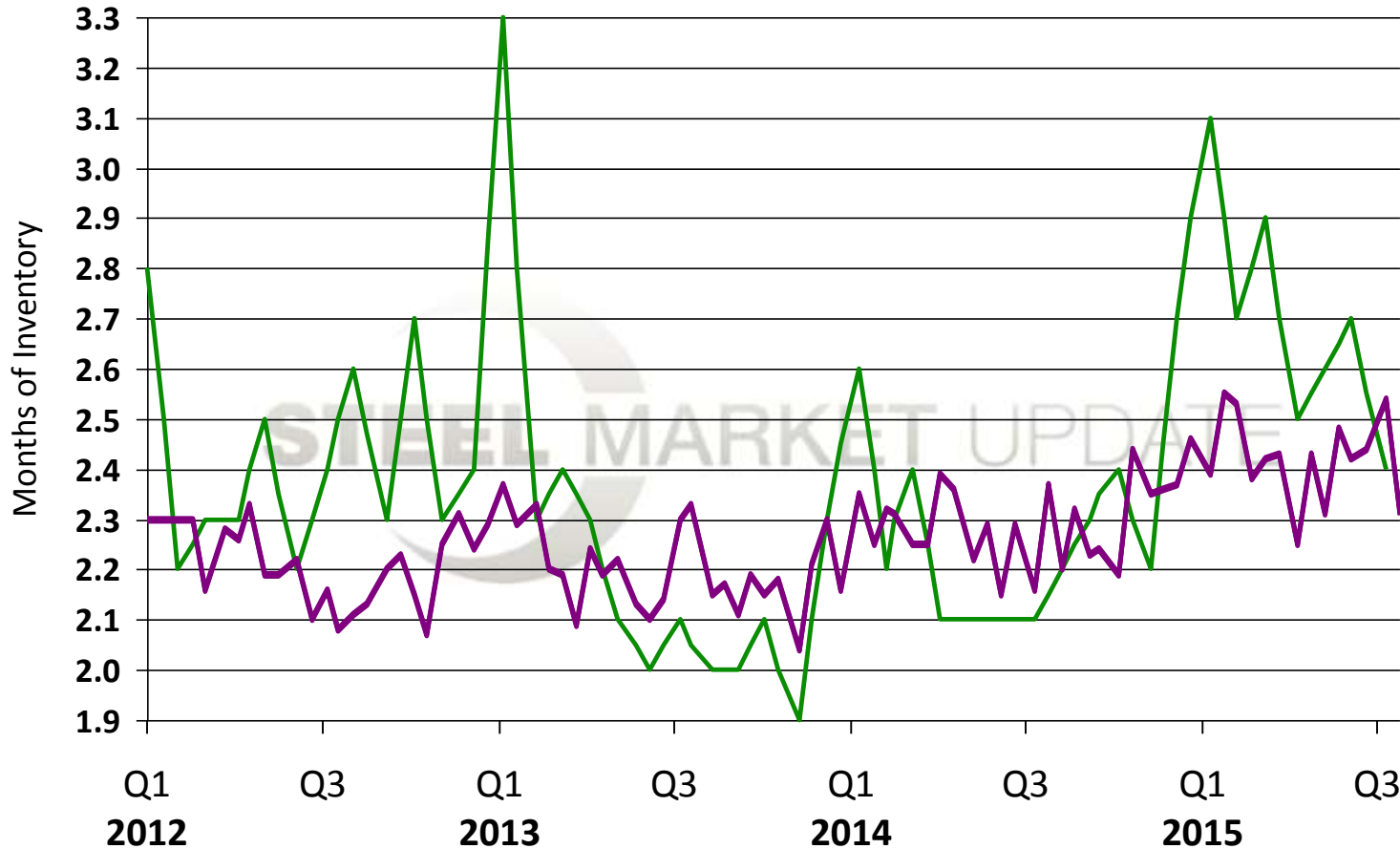
■ Building Inventory
 ■ Maintaining Inventory
 ■ Reducing Inventory

out of 100%



SMU Service Center & MSCI Inventory Level History Comparison

— MSCI Flat Rolled Inventory Level
— SMU Flat Rolled Inventory Level



MSCI data is as of the end of June 2015

SMU data is as of July 24th 2015

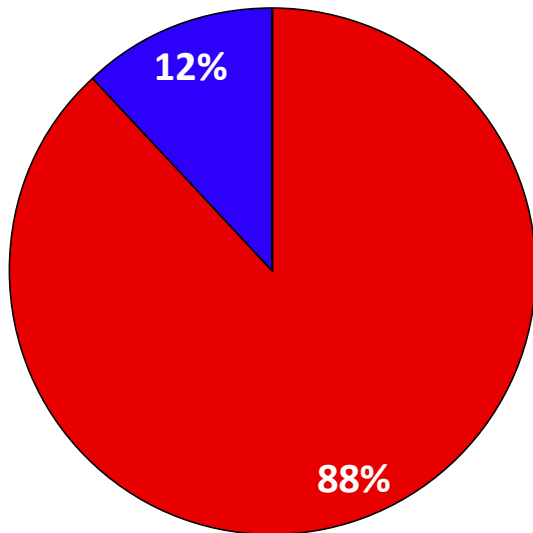
2.31 Months

Manufacturer's View of Service Center Selling Prices

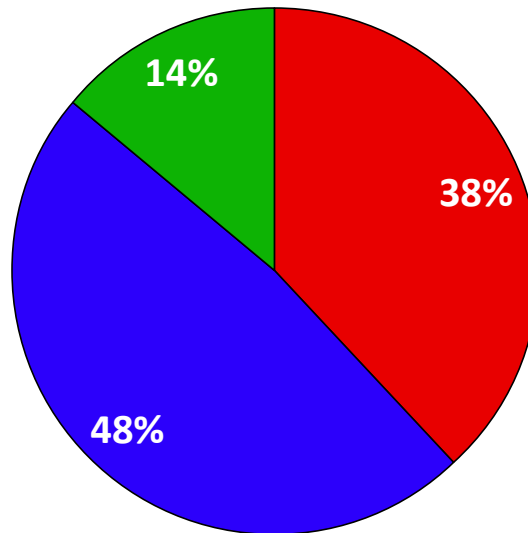
Manufacturers- Which comment do you feel is representative of service center pricing right now?

- We are seeing prices decreasing from our service centers
- We are seeing prices stable from our service centers
- We are seeing prices rising from our service centers

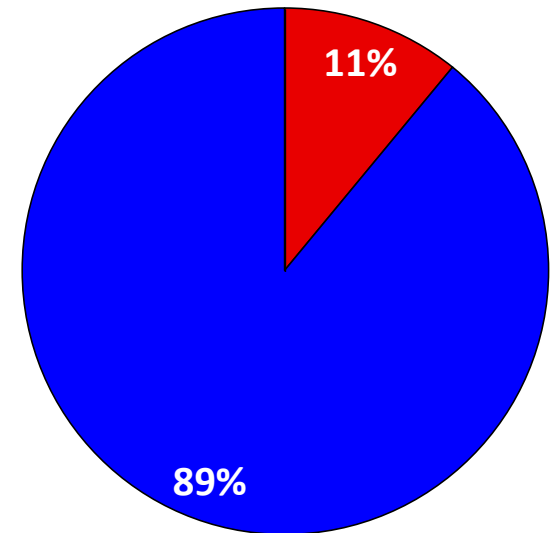
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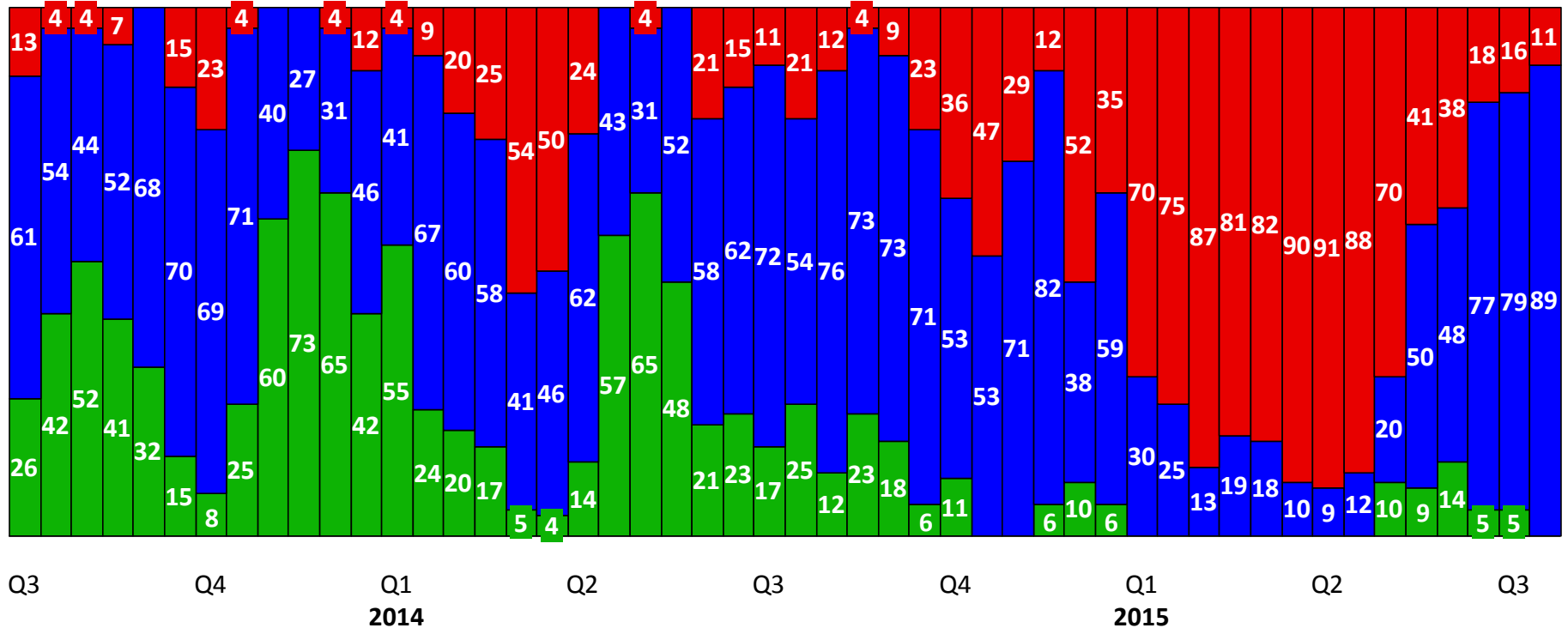


Manufacturer's View of Service Center Selling Prices History




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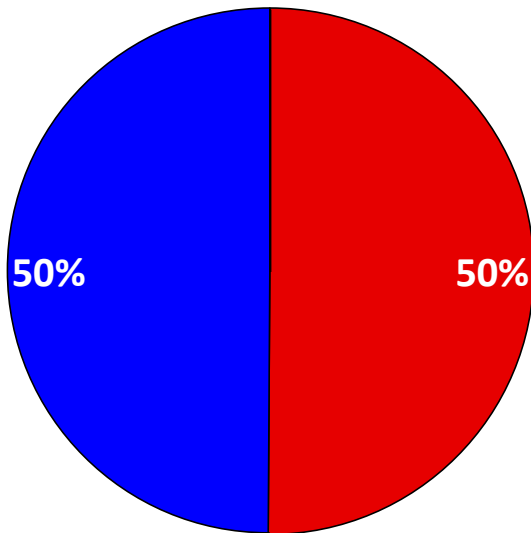
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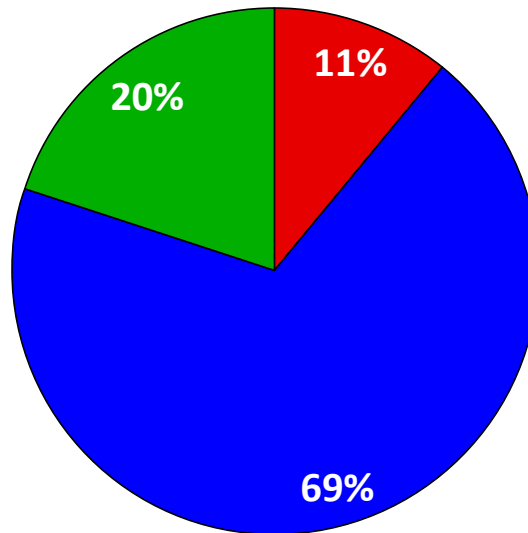
Service Centers- How is your company handling spot pricing to your customers at this time?

-  We are lowering prices
-  We are keeping prices the same
-  We are raising prices

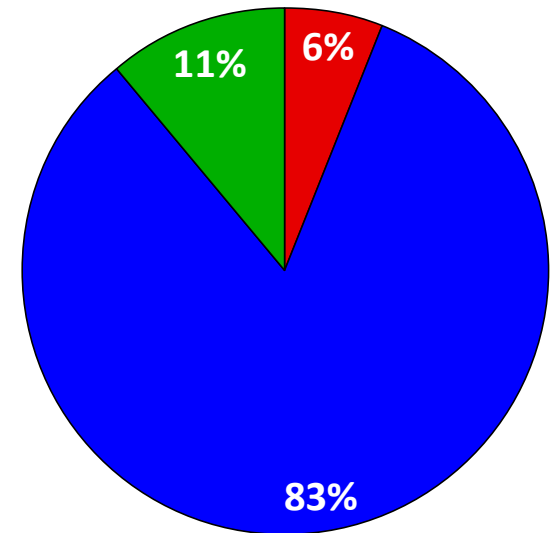
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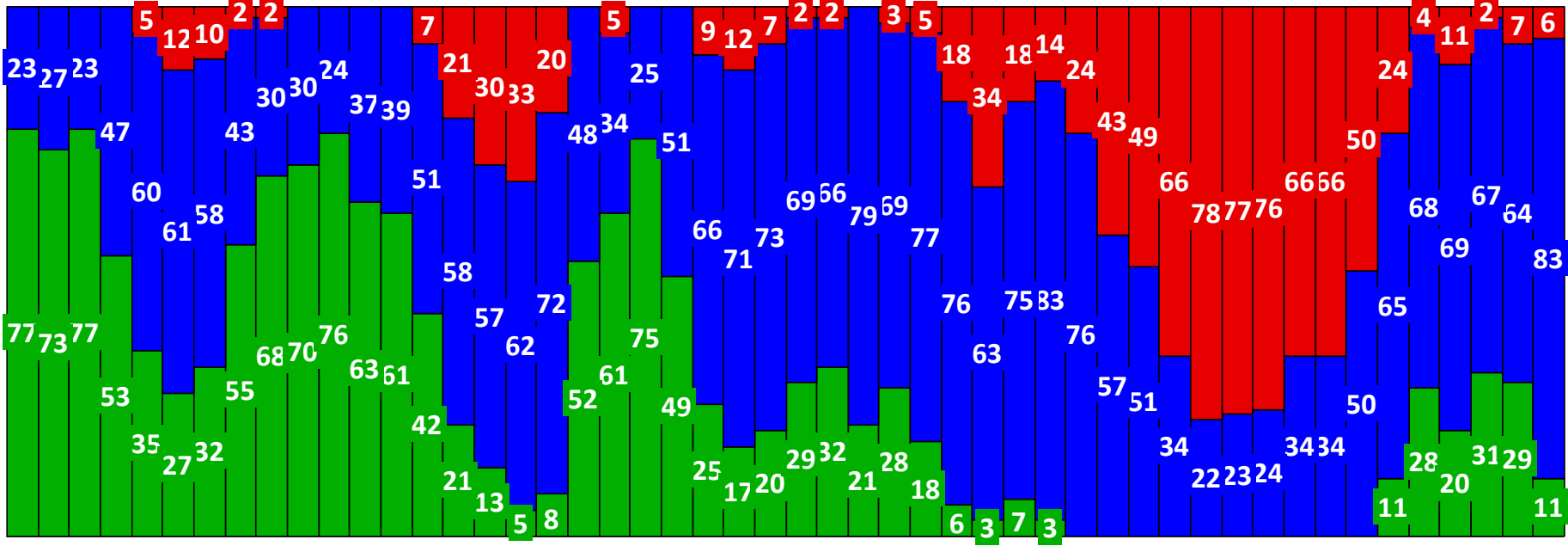


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out of 100%

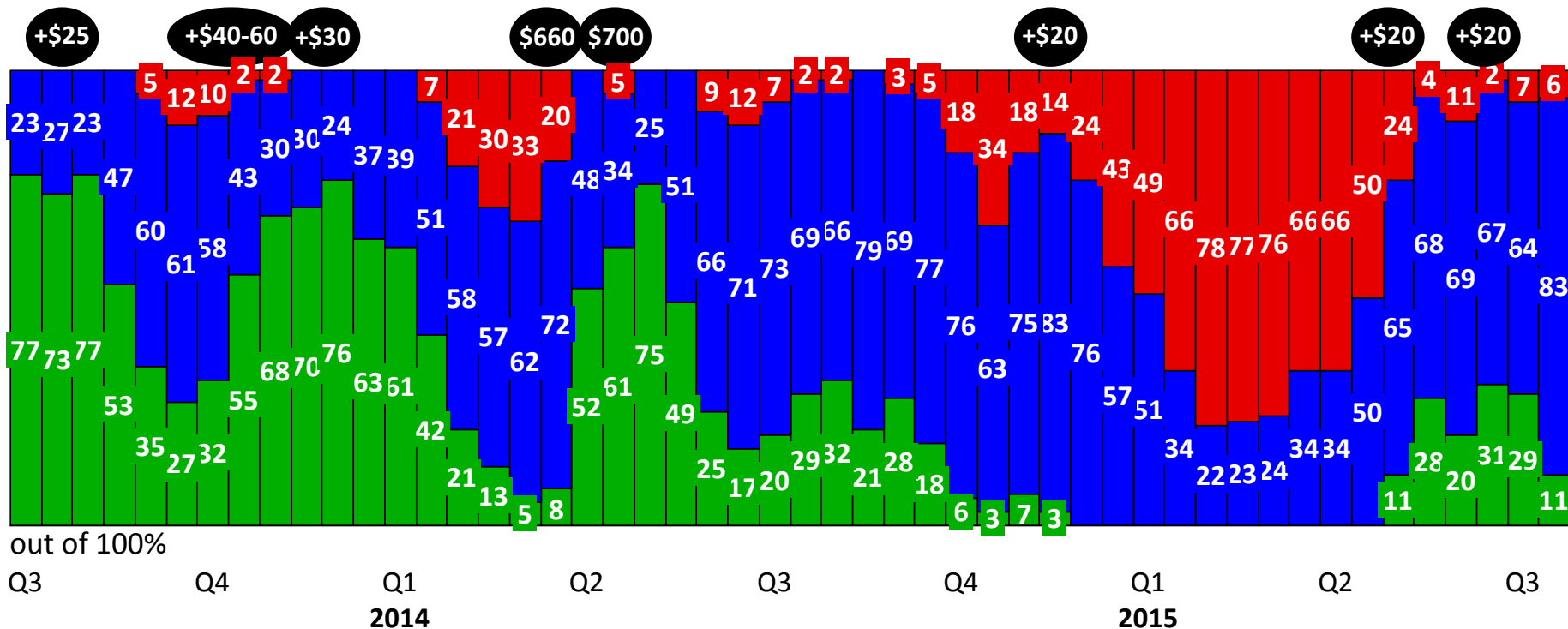


Service Center View of Selling Prices History




Service Centers- How is your company handling spot pricing to your customers at this time?

Historical AK Steel Price Announcements

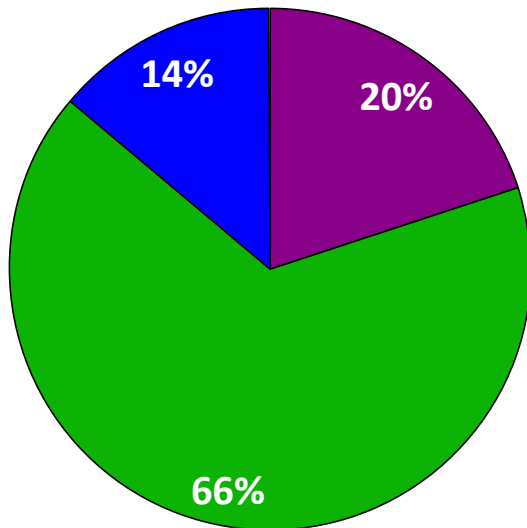
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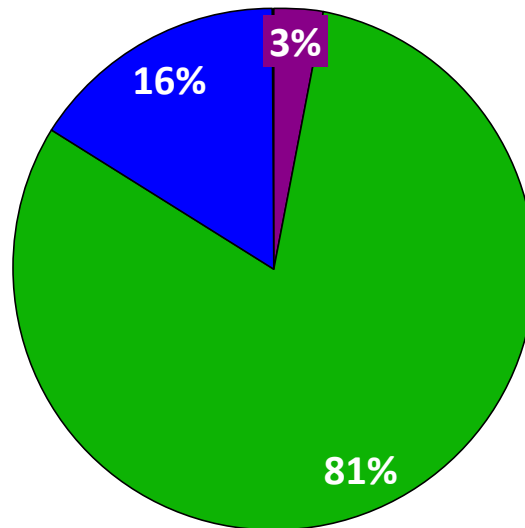
Service Centers- Are your manufacturing customers increasing orders, keeping them the same or reducing orders at this time?

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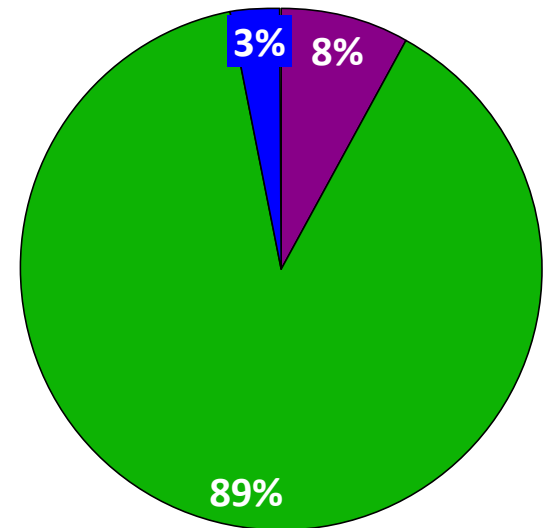
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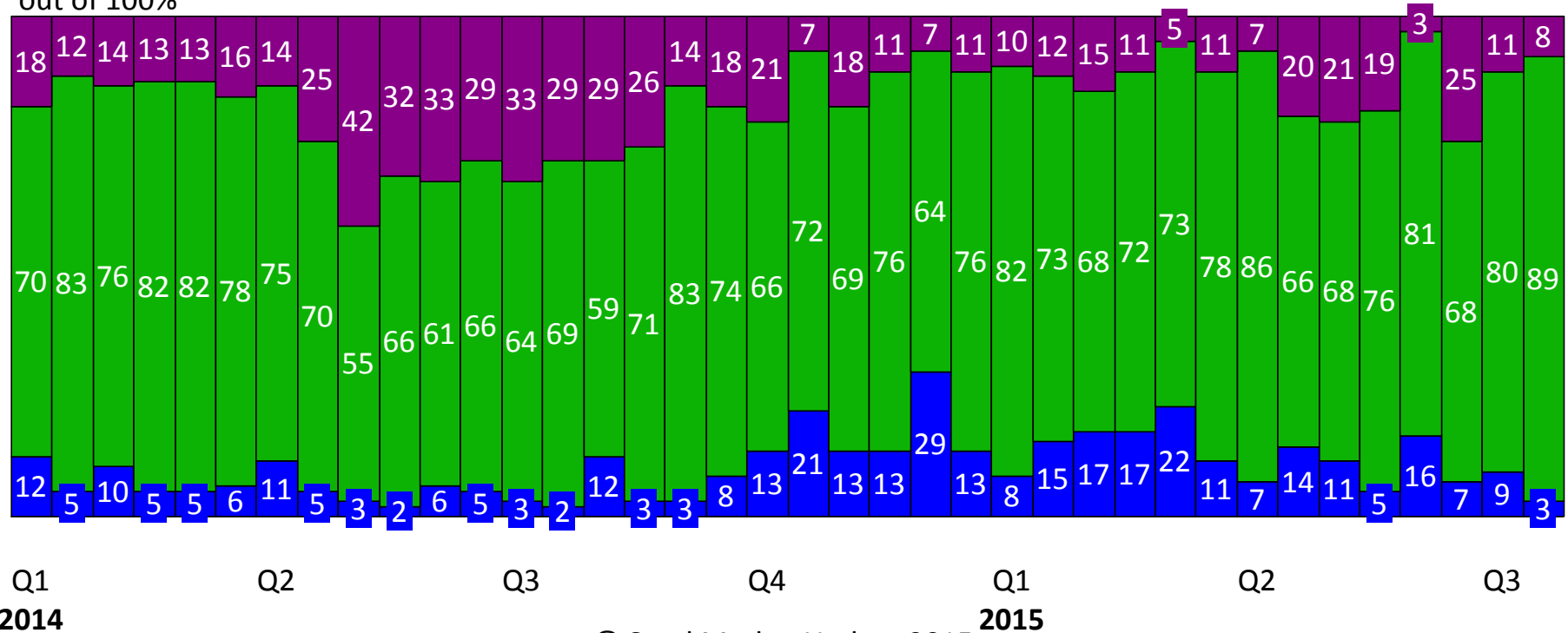


Service Centers on Manufacturer Orders History

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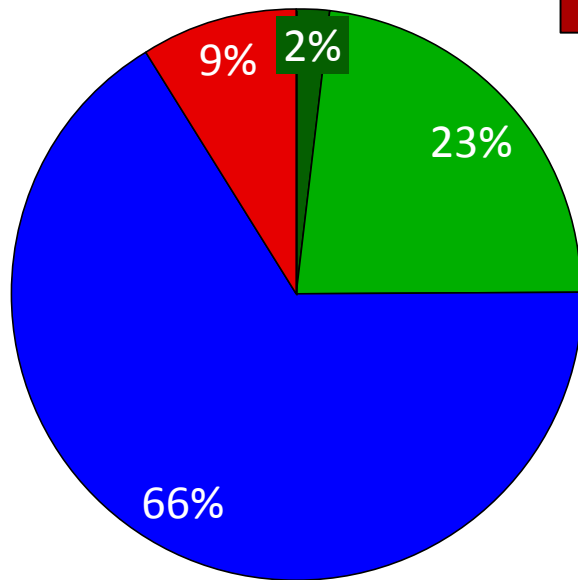
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Mill Lead Times

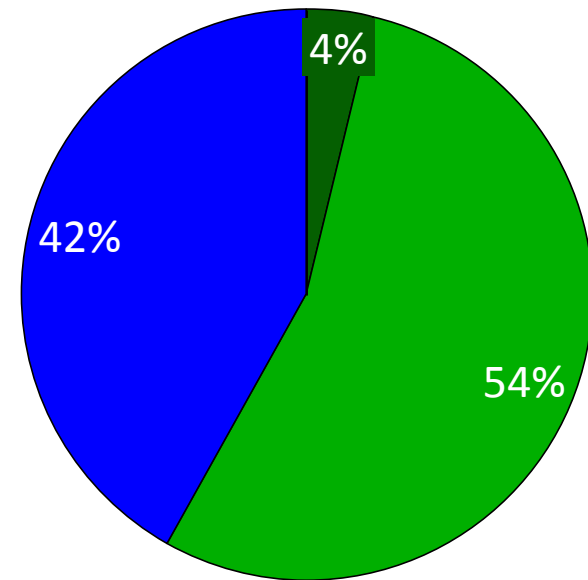
How would you describe domestic mill lead times for new orders placed right now?

Manufacturers



- Extremely short
- Shorter than normal
- Normal
- Slightly longer than normal
- Highly extended

Service Centers

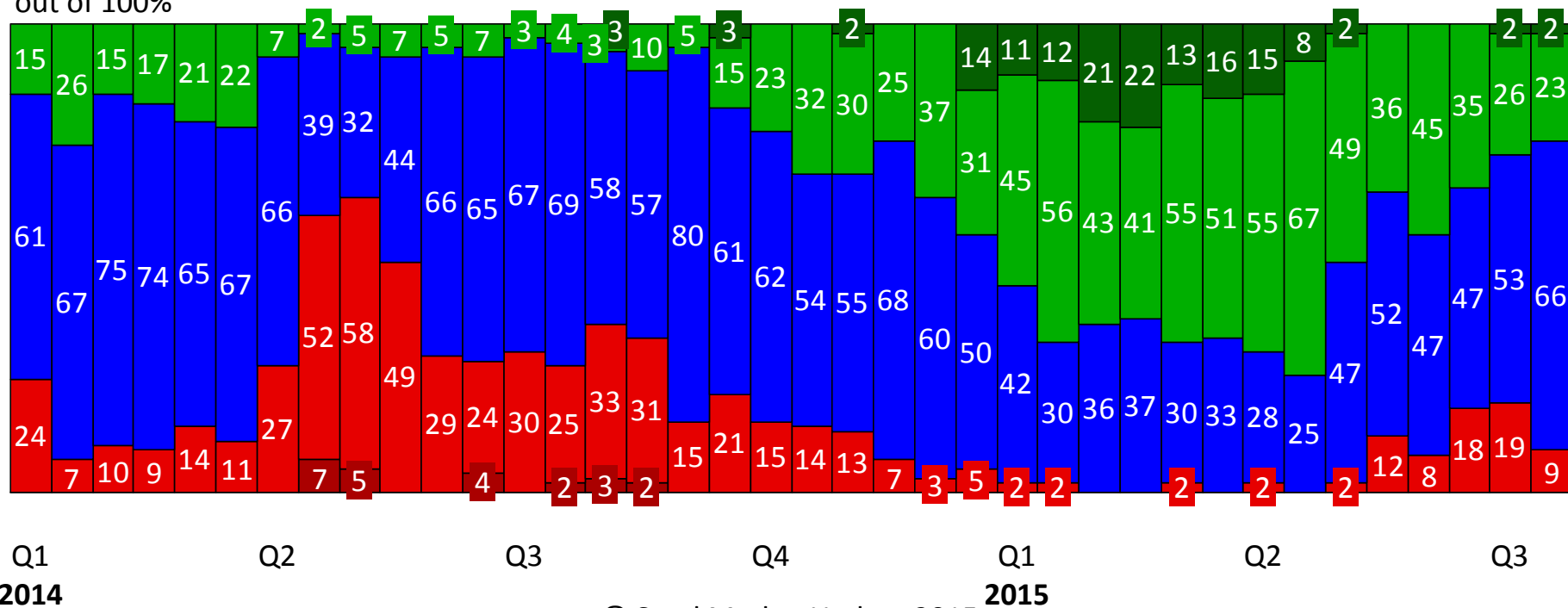


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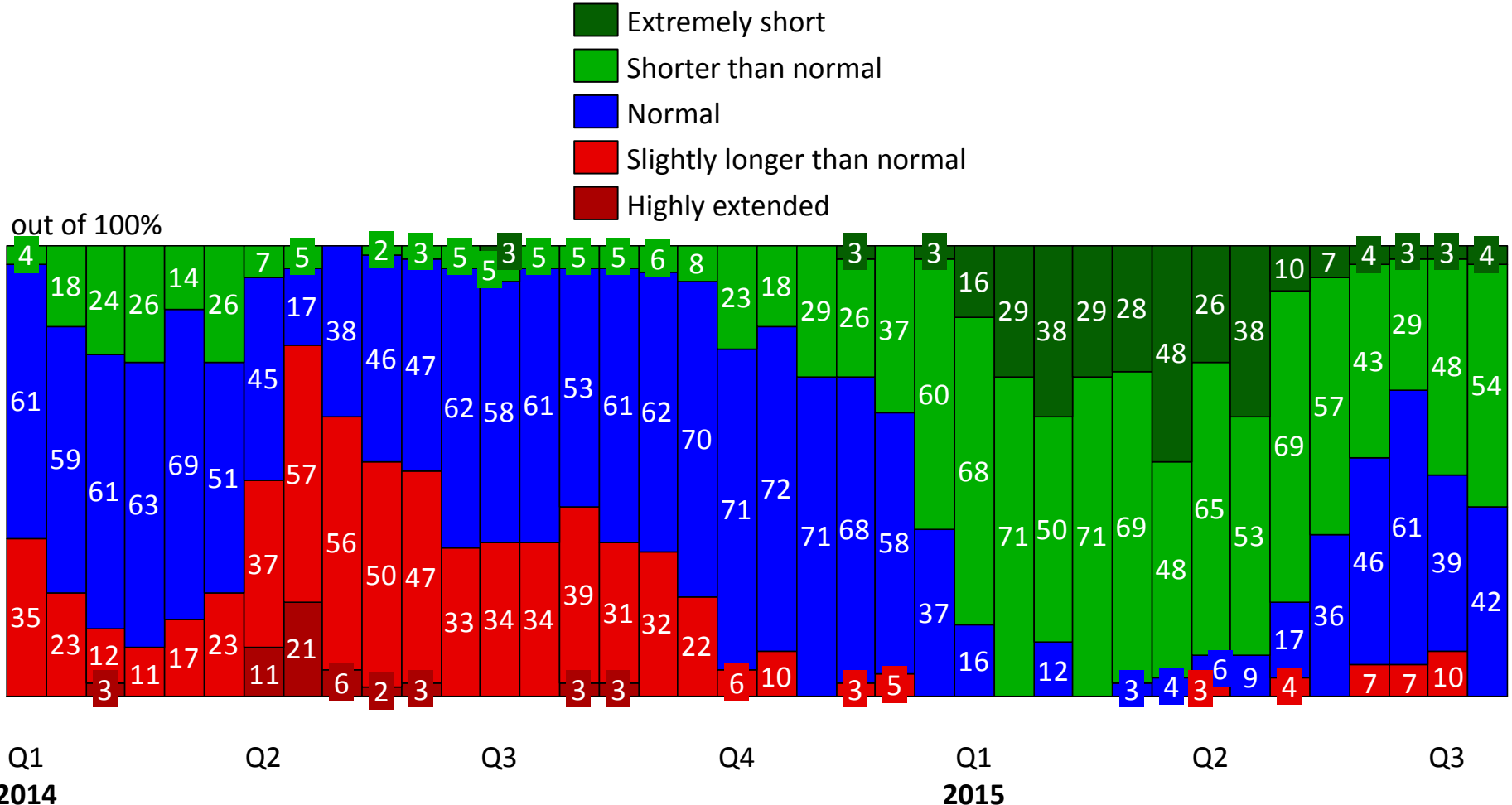
out of 100%



© Steel Market Update 2015

Mill Lead Times History

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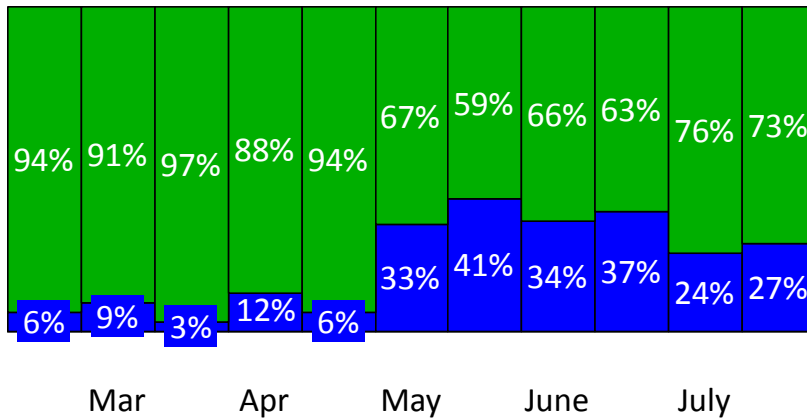


Mill Negotiations

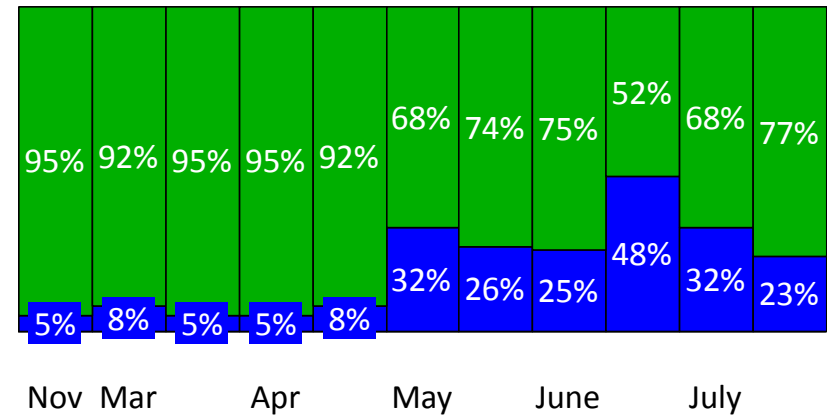
Are you finding the domestic mills are willing to negotiate pricing on brand new orders placed this week?

Yes No

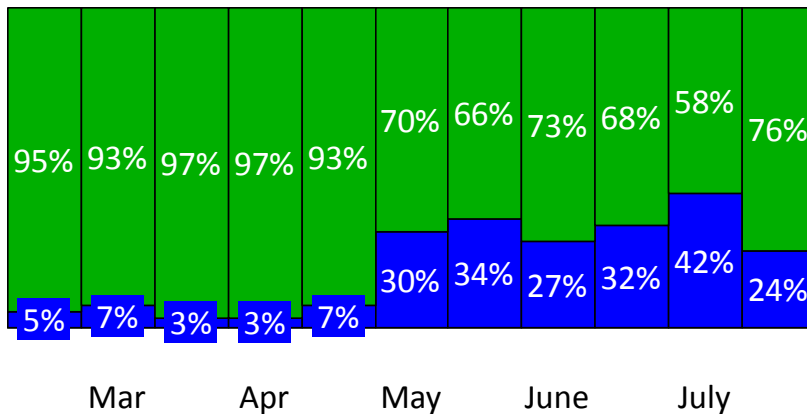
Hot Rolled Orders



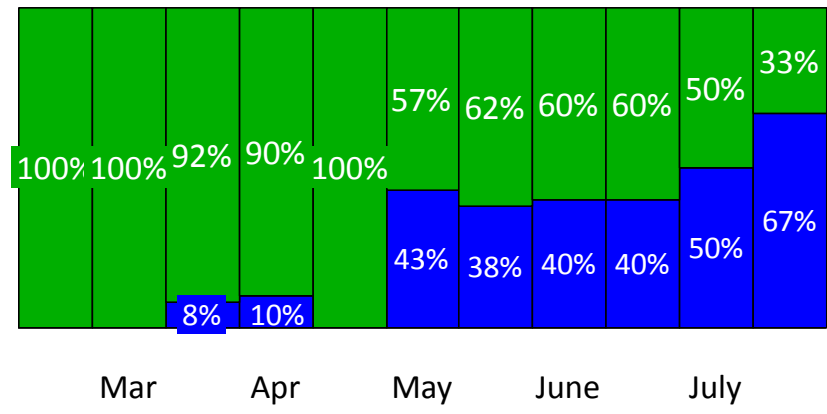
Cold Rolled Orders



Galvanized Orders

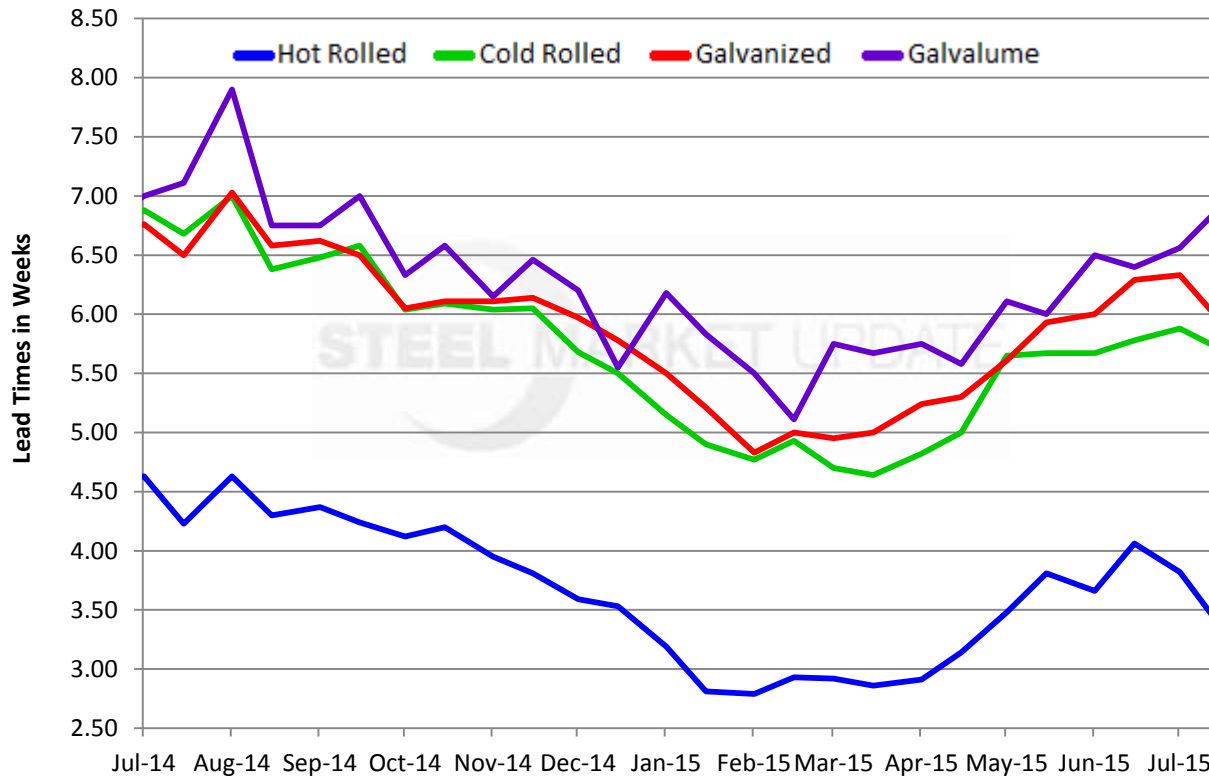


Galvalume Orders



Lead Times (Weeks)

Steel Market Update Lead Times Comparison



Hot Rolled: 3.37
Cold Rolled: 5.71
Galvanized: 5.95
Galvalume: 6.90

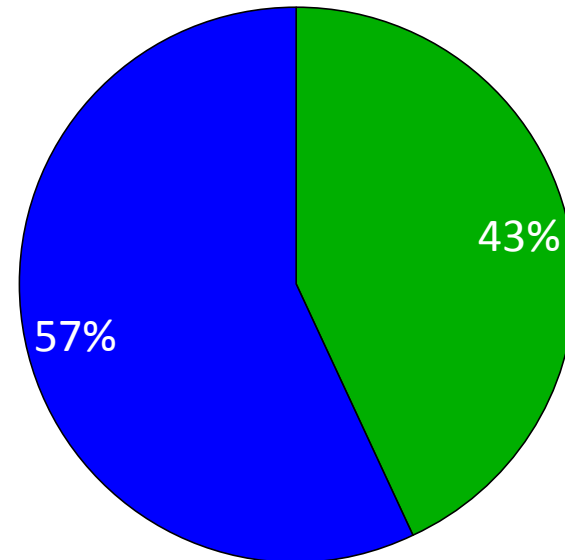
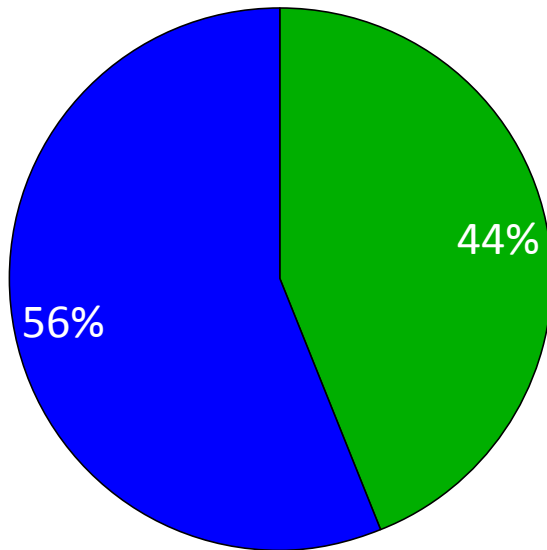
Domestic and Foreign Price Spread

Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Manufacturers

Service Centers

Yes No

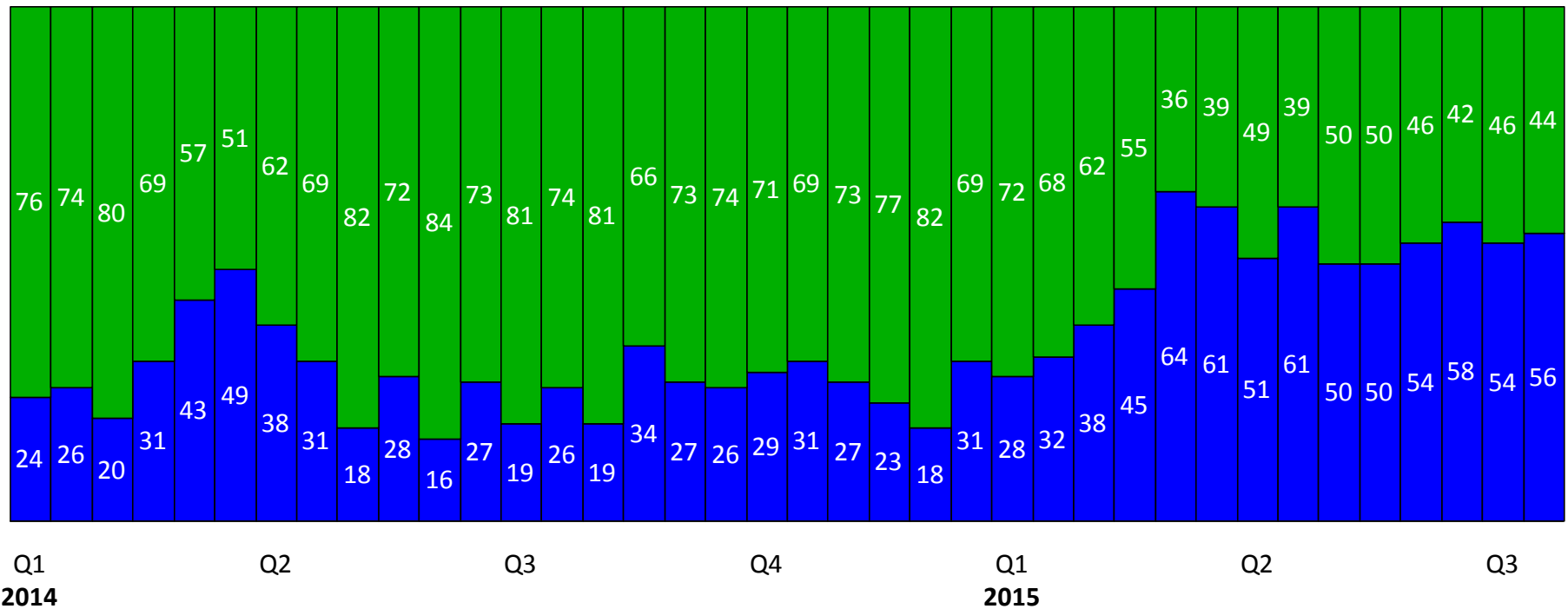


Domestic and Foreign Price Spread

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Yes No

out of 100%

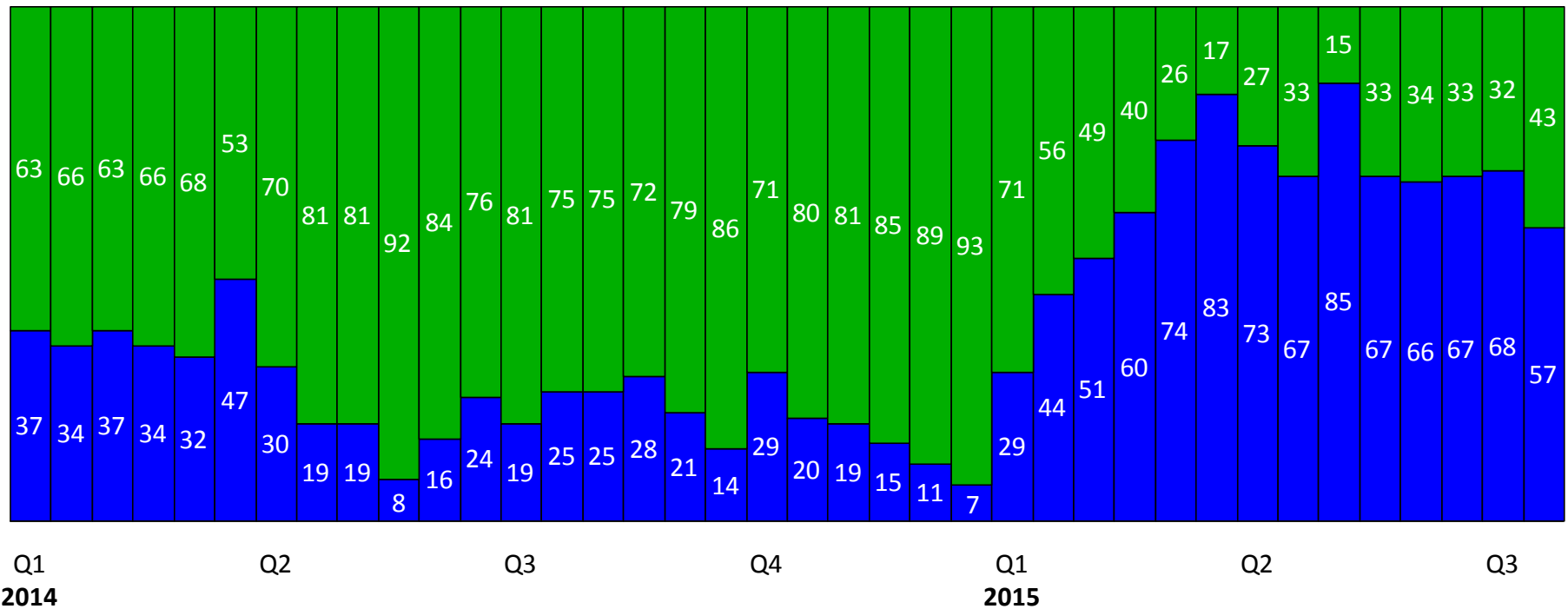


Domestic and Foreign Price Spread

Service Centers- Is the spread between domestic and foreign prices wide enough to justify buying foreign steel?

Yes No

out of 100%



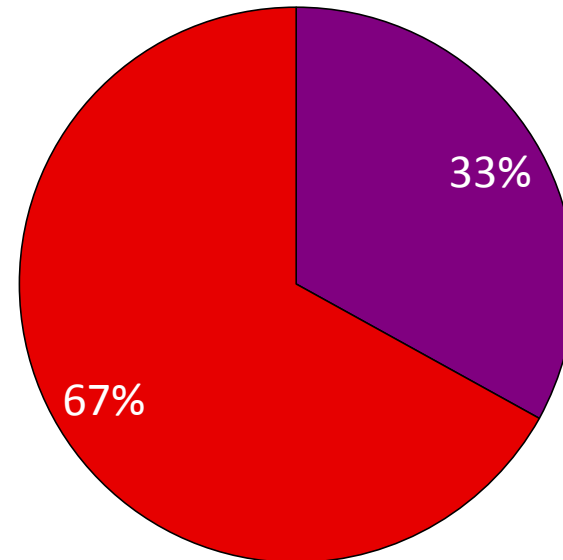
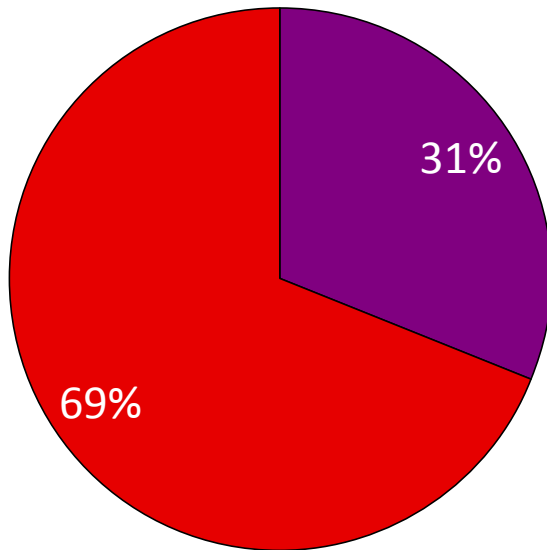
New Foreign Orders

Is your company entering new foreign orders right now?

Manufacturers

Service Centers

Yes No

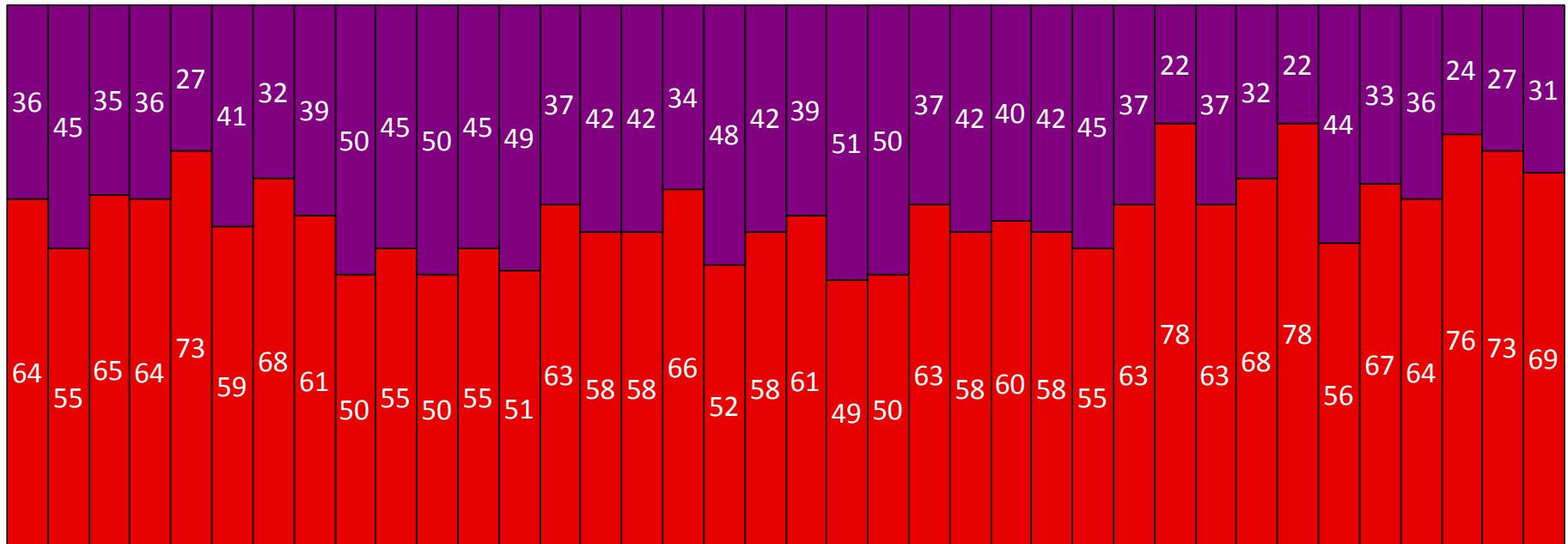


New Foreign Orders

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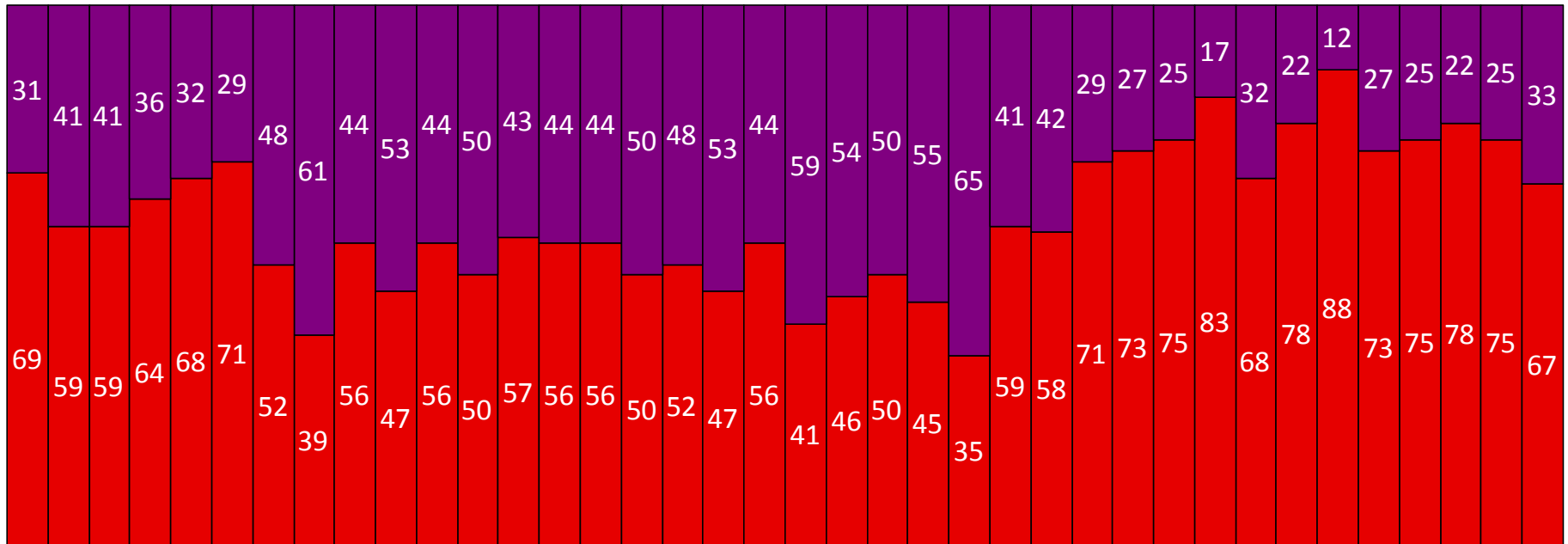


New Foreign Orders

Service Centers- Is your company entering new foreign orders right now?

Yes No

out of 100%



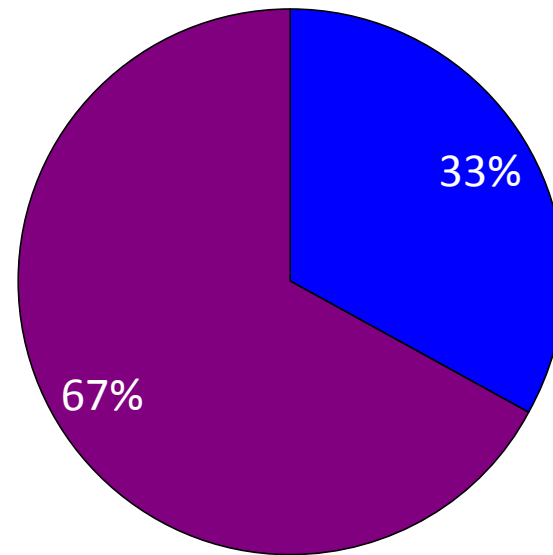
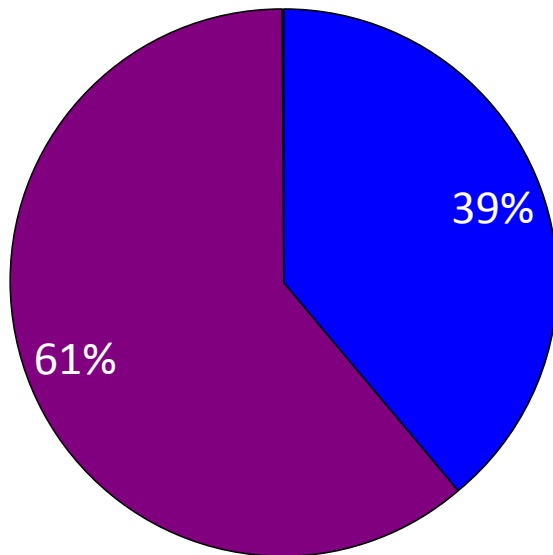
Reduction of Domestic Orders

Will receipts of foreign imports cause your company to reduce domestic steel orders?

Manufacturers

Service Centers

Yes No

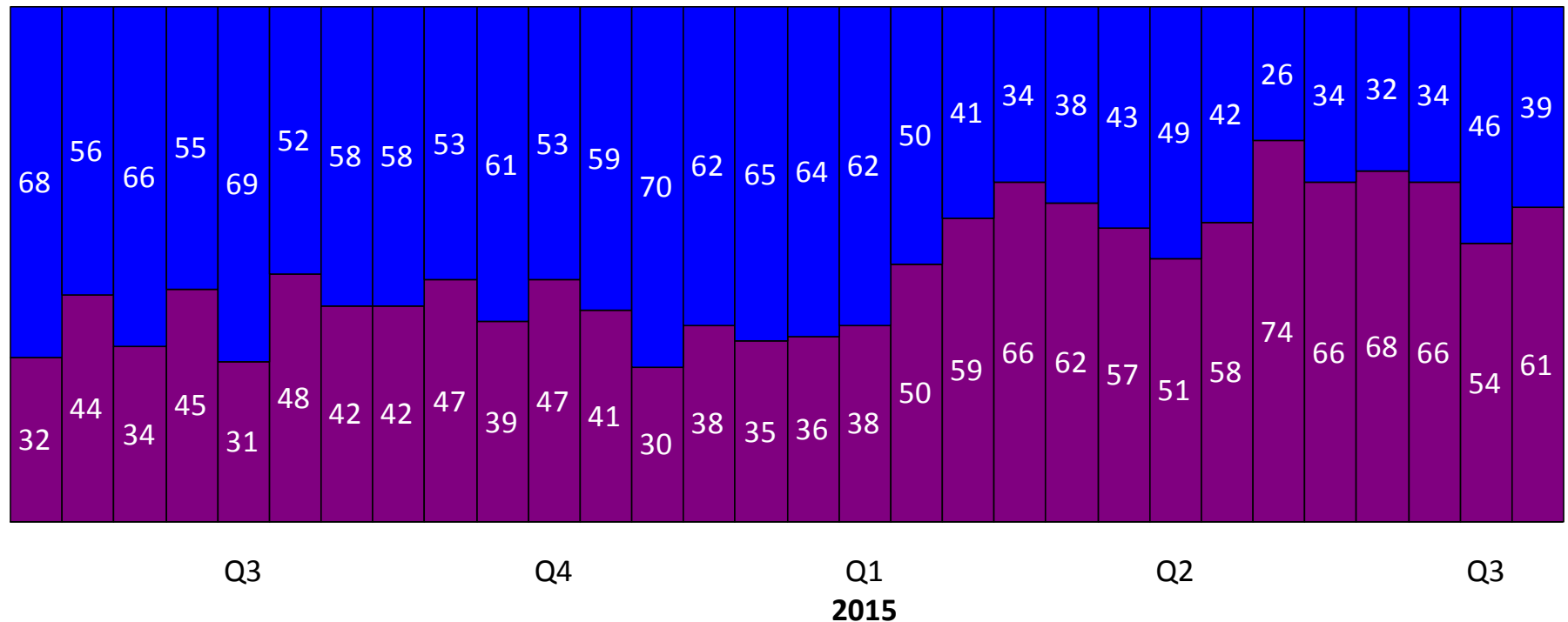


Reduction of Domestic Orders

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Yes No

out of 100%

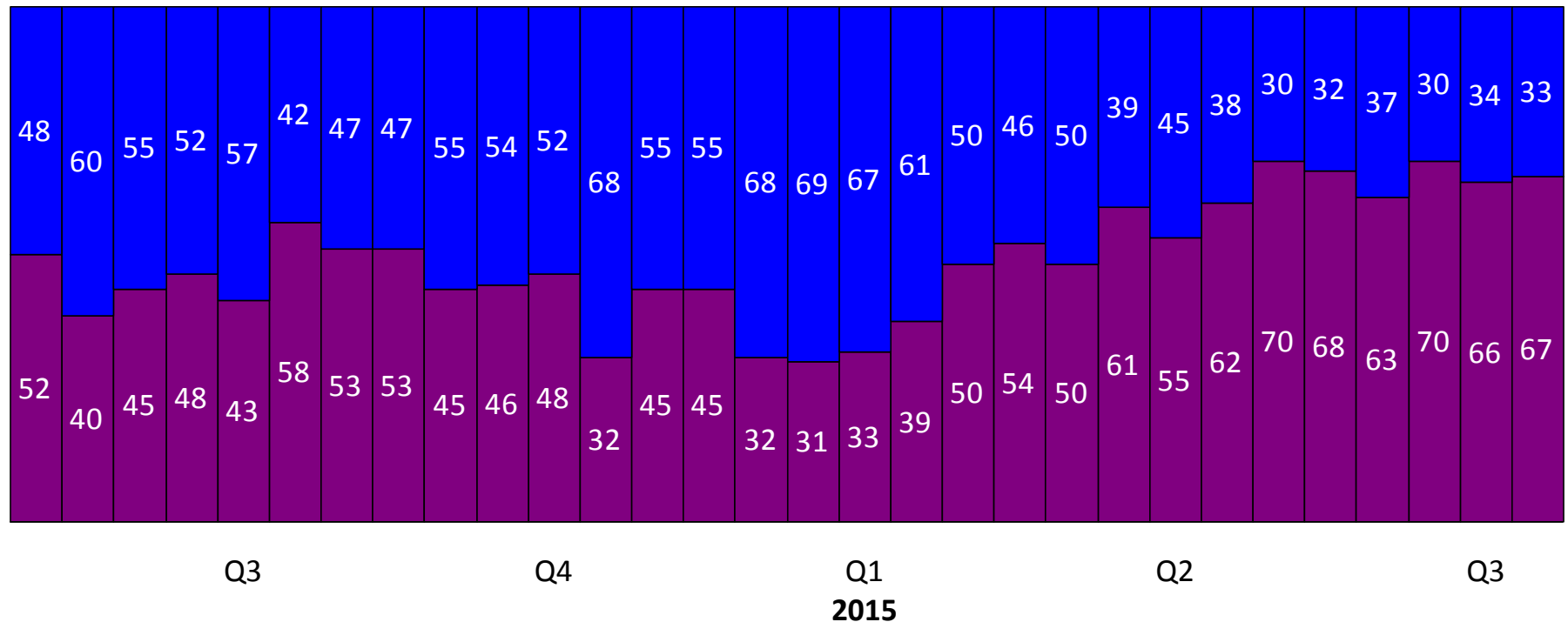


Reduction of Domestic Orders

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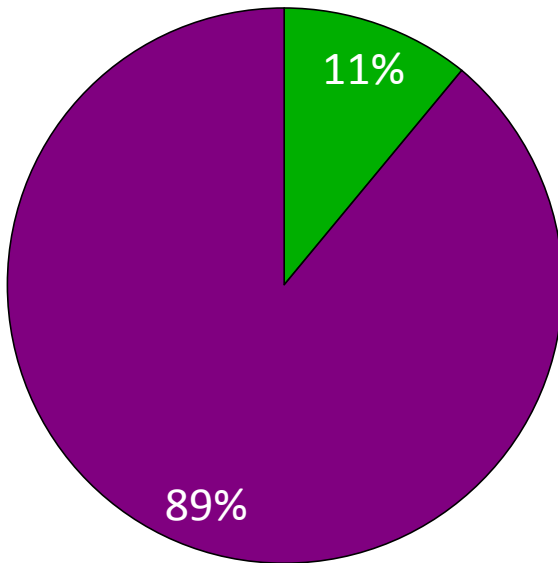
out of 100%



Trading Companies

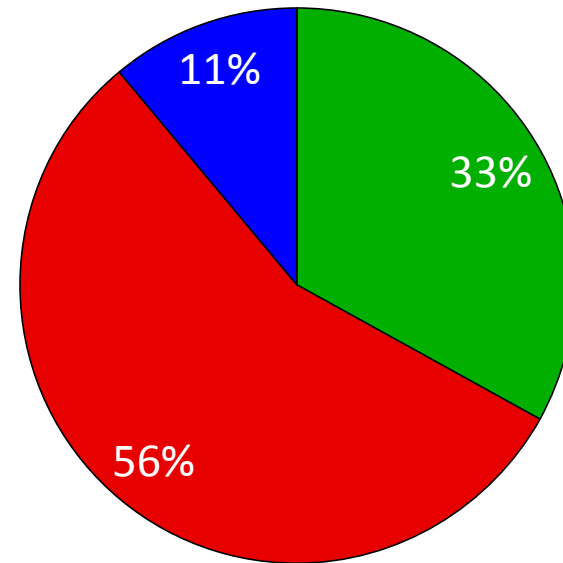
At this time, are you seeing an increase in requests for quotes from North American buyers for foreign steel?

Yes No



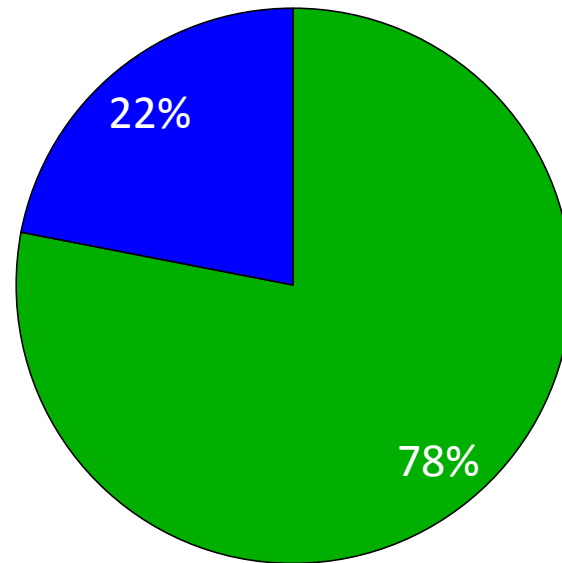
Are foreign steel prices rising compared to one month ago?

Yes
No
Remaining the same



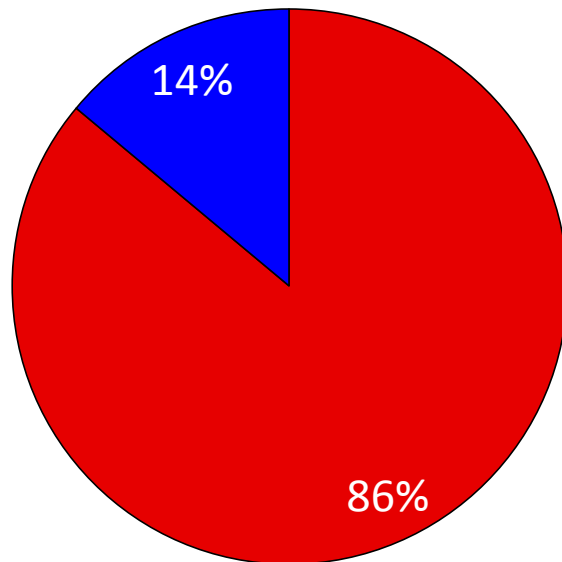
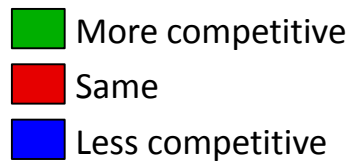
Are the foreign offers being made priced at levels where you are confident business can be transacted?

Yes No

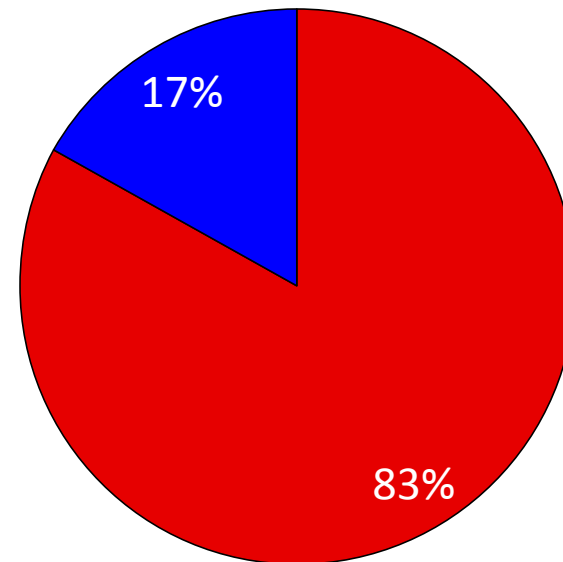
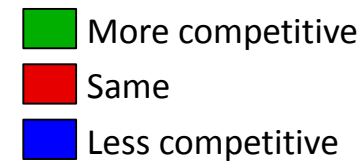


Trading Companies

Are foreign galvanized prices more competitive, same, or less competitive than one month ago?



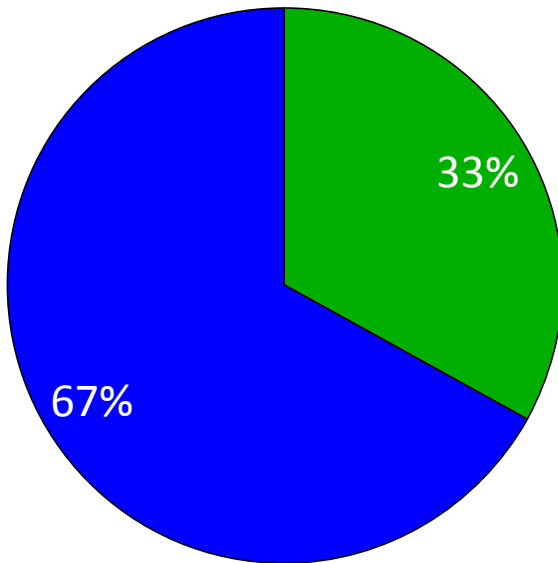
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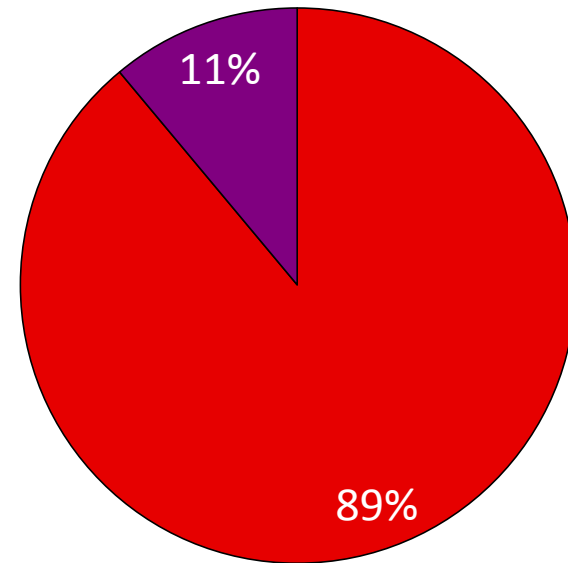
Will the new "Level the Playing Field" trade act change the way you will offer foreign steel into the U.S. market?

Yes No



Will there be a cold rolled trade case against China and other countries by the end of August?

Yes No



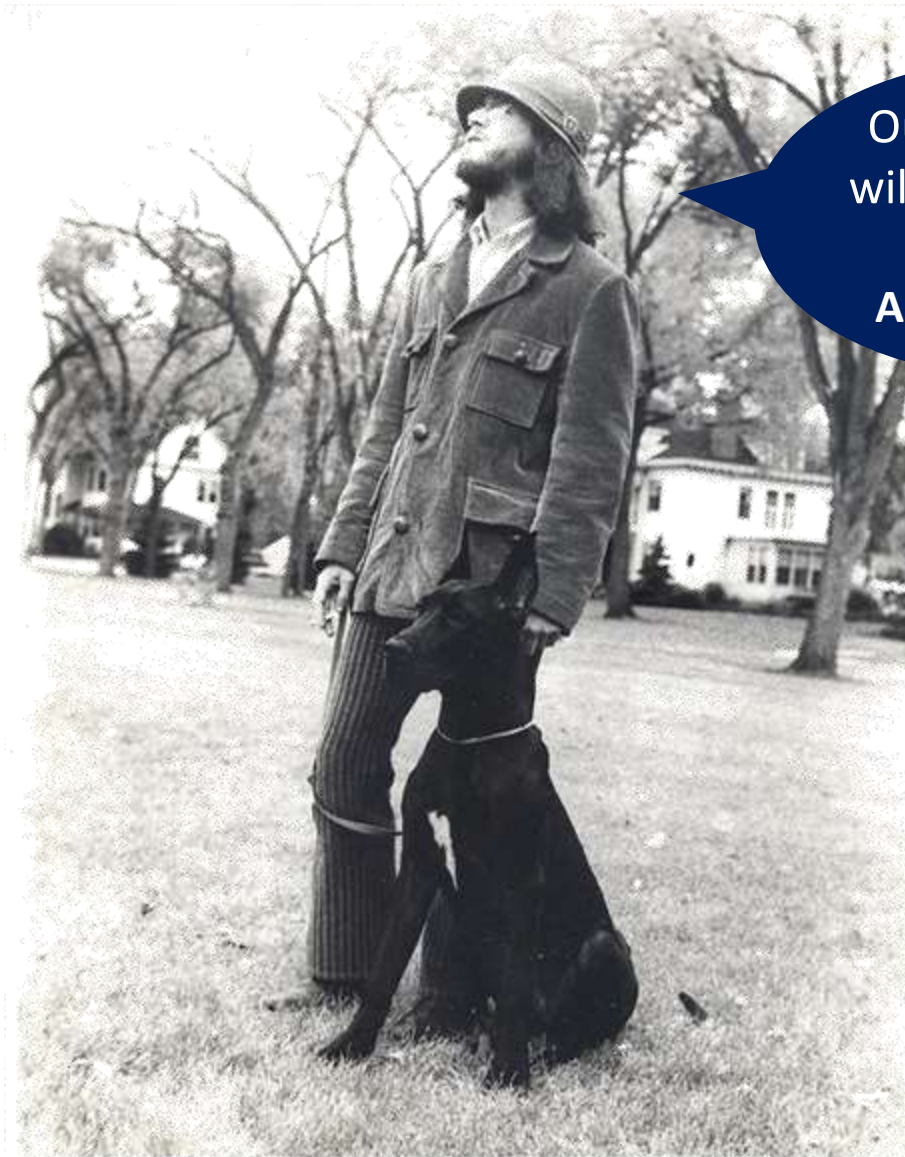
Questions?

If you have any questions regarding the information presented here, please contact us at info@SteelMarketUpdate.com.

If you would like a copy of this presentation, please send an email to the above email address with your request.

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Look for Our Next Survey



Our next survey
will be conducted
the week of
August 3rd 2015

The logo features a stylized circular element on the left, composed of two curved segments. The top segment is orange and the bottom segment is red, meeting at a central point. The text "STEEL MARKET UPDATE" is positioned to the right of this graphic, with "STEEL" in a bold, white, sans-serif font and "MARKET UPDATE" in a regular weight of the same font.

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When you need answers... www.SteelMarketUpdate.com